

Mr. BARKLEY. I ask unanimous consent that the postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

IN THE MARINE CORPS

The legislative clerk proceeded to read sundry nominations in the Marine Corps.

Mr. BARKLEY. I ask unanimous consent that the nominations in the Marine Corps be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the Marine Corps nominations are confirmed.

That concludes the calendar.

RECESS

Mr. BARKLEY. As in legislative session, I move that the Senate take a recess until 11 o'clock a. m. tomorrow.

The motion was agreed to; and (at 5 o'clock and 18 minutes p. m.) the Senate took a recess until tomorrow, Friday, August 23, 1940, at 11 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate August 22 (legislative day of August 5), 1940

DIPLOMATIC AND FOREIGN SERVICE

The following-named persons for appointment as Foreign Service officers, unclassified, vice consuls of career, and secretaries in the Diplomatic Service of the United States of America:

Charles W. Adair, Jr., of Ohio.
H. Gardner Ainsworth, of Louisiana.
Stewart G. Anderson, of Illinois.
Irven M. Eitrem, of South Dakota.
C. Vaughan Ferguson, Jr., of New York.
Scott Lyon, of Ohio.
W. Horton Schoellkopf, Jr., of Florida.
Harry H. Schwartz, of California.
Bromley K. Smith, of California.
Henry T. Smith, of Georgia.
Oscar S. Straus, II, of New York.
John L. Topping, of New York.
Livingston D. Watrous, of New York.

Samuel H. Wiley, of North Carolina, now a Foreign Service officer of class 3 and a secretary in the Diplomatic Service, to be also a consul general of the United States of America.

DEPARTMENT OF COMMERCE

Carroll L. Wilson to be Assistant Director, Bureau of Foreign and Domestic Commerce, vice Nathanael H. Engle, resigned.

WORK PROJECTS ADMINISTRATION

Russell S. Hummel, of Virginia, to be Work Projects Administrator for Virginia, effective as of August 15, 1940, vice William A. Smith, deceased.

APPOINTMENTS IN THE NATIONAL GUARD OF THE UNITED STATES GENERAL OFFICERS

To be Brigadier General, Adjutant General's Department, National Guard of the United States

Brig. Gen. Harold Holmes Richardson, Adjutant General's Department, Colorado National Guard.

To be Brigadier Generals, National Guard of the United States

Brig. Gen. Thomas Colladay, Michigan National Guard.
Brig. Gen. John Watt Page, Texas National Guard.

CONFIRMATIONS

Executive nominations confirmed by the Senate August 22 (legislative day of August 5), 1940

POSTMASTERS

ALABAMA

Lela Tate, Adamsville.
Henry N. Jordan, Chatom.
Lois M. McCurdy, Flomaton.
Sister Mary Teresa, Holy Trinity.

ARKANSAS

Jewell Coxsey (Mr.), Alpena Pass.
Robert C. Grubbs, Eudora.

MISSOURI

Cleo O. Smith, Carthage.

NORTH DAKOTA

Fred Hollingsworth, Killdeer.

PROMOTIONS AND APPOINTMENTS IN THE NAVY

MARINE CORPS

Alfred H. Noble to be colonel.
Harry B. Liversedge, to be lieutenant colonel.
Lewis B. Puller, to be major.
Lionel C. Goudeau, to be major.
Lawrence Norman, to be major.
Paul A. Putnam, to be major.
Lee N. Utz, to be major.
Dale H. Heely, to be second lieutenant.
Theodore Gooding, to be chief marine gunner.

HOUSE OF REPRESENTATIVES

THURSDAY, AUGUST 22, 1940

The House met at 12 o'clock noon.

Rev. A. A. Zeller, pastor of St. Joseph's Catholic Church of Denver, Colo., offered the following prayer:

Almighty God, Father of eternal light and truth, bow down Thine ear to our humble supplications. Send forth Thy spirit upon us this day that we might fulfill the obligations which Thy wise providence has imposed upon us. Outside of Thee there is naught that is not frail and false. Dispel the doubt frailty breeds. Dispel the weakness which selfishness breeds. Send forth Thy spirit to light the path to what is right and just. Give strength to our hearts to do whatsoever accords with Thy infinite wisdom and justice. Direct our minds and hearts so that our efforts today may help prosper this great people whom Thou hast chosen for Thy blessings of peace. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate agrees to the amendments of the House to bills of the Senate of the following titles:

S. 3354. An act for the relief of Nannie E. Teal; and
S. 3710. An act for the relief of James H. Hearon.

LEAVE TO ADDRESS THE HOUSE

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that after the special orders of today I be permitted to address the House for 30 minutes.

The SPEAKER. Is there objection?

There was no objection.

EXTENSION OF REMARKS

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include an article from Collier's Weekly.

The SPEAKER. Is there objection?

There was no objection.

Mr. ROBERTSON. Mr. Speaker, I ask unanimous consent to extend my remarks and to include therewith an excerpt from an article in the Highland Reporter under the nom de plume of Erasmus Bluegrass.

The SPEAKER. Is there objection?

There was no objection.

Mr. LEAVY. Mr. Speaker, I ask unanimous consent to extend my remarks and to include therein certain statistical data from the Bureau of Government Reports on three counties in my district, and I make a similar request as to two other counties.

The SPEAKER. Is there objection?

There was no objection.

ARMY MANEUVERS IN NEW YORK STATE

Mr. SNYDER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. SNYDER. Mr. Speaker, last week end I had the pleasure of inspecting from the ground and from the air our military forces comprising the First Army under the command of that most able leader, Lt. Gen. Hugh Drum, which was concentrated in a 1,500 square mile area in up-State New York, radiating from Ogdensburg.

This maneuver is being conducted pursuant to an appropriation we voted for earlier in this session, and I can report to you from each man with whom I talked, from General Drum and the division commanders down to the buck privates, their profound gratitude to each of you for making this large simulated warfare practicable. They may be shy on certain types of equipment, but the improvisations they have devised are enabling them to learn the conduct of defensive and offensive operations under modern methods of warfare, and the message I bring to you from that front is that we must continue this practical training in order that, as our forces expand, all will be hardened, tried, and proven, if and when there should be a turn from mock to actual warfare.

On Sunday morning it was my privilege to be the guest of that splendid leader, Maj. Gen. Edward Martin, commanding the famed Twenty-eighth Division, composed of troops from my own State of Pennsylvania, when memorial services were conducted for the World War dead of that division. The entire division was assembled and most impressive ceremonies were conducted in the presence of the President of the United States. The division then marched in review—some 18,000 men, including some Maryland units, and it was a most inspiring spectacle, indeed, to witness.

There are just two other things I should like to say to you.

It did my heart good to meet in the uniform of our armed forces some of our colleagues, men who have the training and capacity to fill positions of leadership in these highly technical and involved maneuvers. For the moment they are all in the business of soldiering and it seems to me that we are signally fortunate to have among us men so expertly equipped to counsel us upon matters with which we must deal bearing upon military questions and problems.

In conclusion, Mr. Speaker, I wish to commend the fine cooperative spirit and patriotism of the people of New York State whose property has been made available for these maneuvers. In all the vast area involved—as I said before, some 1,500 square miles—practically every inch of space has been made available without charge, including the fine high-school house in Ogdensburg, which is used as administrative headquarters. I congratulate New York State for a citizenry so willing, without compensation, without personal gain, to do its bit. That is pure Americanism; that is true patriotism and is deserving of popular acclaim.

EXTENSION OF REMARKS

Mr. KEFAUVER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include a short radio script of a program in which I appeared.

The SPEAKER. Is there objection?

There was no objection.

Mr. VAN ZANDT. Mr. Speaker, I ask unanimous consent to extend my remarks and to insert in the Appendix an article by Major General Rivers, retired, United States Army and, further, to extend in the Appendix of the RECORD my remarks before the Williamsport Consistory of the Scottish-rite Masons at Williamsport, Pa., June 28, 1940.

The SPEAKER. Is there objection?

There was no objection.

HARRY BRIDGES

Mr. LELAND M. FORD. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. LELAND M. FORD. Mr. Speaker, I requested the gentleman from California [Mr. LEE E. GEYER] to be here this

morning to hear what I had to say. Yesterday he assumed the position as speaking for the American Legion. The gentleman from California [Mr. GEYER] has been diametrically opposed to what the American Legion was trying to accomplish, namely, the deportation of Harry Bridges. The gentleman from California [Mr. GEYER] defended him on this floor before the Rules Committee and at other times when the matter has been brought up. I cannot reconcile these two opposite positions. Neither can I accept the gentleman from California [Mr. GEYER] as spokesman for the American Legion, as he has certainly been against their program on the Harry Bridges matter.

Mr. VAN ZANDT. Mr. Speaker, will the gentleman yield?

Mr. LELAND M. FORD. Yes.

Mr. VAN ZANDT. Is it not a fact that the national commander of the American Legion is on record mandating the district commander to remove from the United States Mr. Bridges and use or employ any reasonable method to do so?

Mr. LELAND M. FORD. That is correct.

The gentleman does not want vigilante or mob rule. No one else does. On the other hand, what has the gentleman from California ever done to stop this perjurer, liar, law-breaker, and disturber of the peace, Harry Bridges, in his unlawful activity in California, particularly when he cost that State \$8,000,000 a day for 100 days? I have never known the gentleman to do anything to stop this mob rule.

If vigilante action is to be taken by the Legion or others in California, it will be only because weak-kneed officials are either afraid or refuse to do their sworn duty, and further, on account of the support that is given to the perjurer, liar, law-breaker, and disturber of the peace, Harry Bridges.

With reference to adverse publicity. It is not I that bring the adverse publicity to southern California, but the man whom you defend, Harry Bridges. I see no reason why the truth should not be spoken here, and if you are interested in stopping adverse publicity, I suggest that you handle the matter with Harry Bridges, whom you so constantly defend.

Mr. GEYER of California. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. GEYER of California. Mr. Speaker, the gentleman from California [Mr. LELAND M. FORD] and I are having a great time. We have an election next Tuesday in California. He lives in the silk-stock district where the factories are, and where the employers are. I live down on the water front, where sometimes we cannot even wear stockings. Therefore he is carrying on his political campaign based on the persecution of one man. The House has taken care of this matter in respect to Harry Bridges. It is a closed issue with this body. My objection yesterday was to his saying that the American Legion has advocated force and violence in removing this man, and his adding to that, that by force, we get Mme. Perkins and Attorney General Jackson and put them on the same boat. The American Legion does not stand for vigilantism, and both gentlemen who have just spoken know that to be the fact. We must keep out Hitlerian methods and settle things by the American way. I again say that the American Legion stands for law and order, and as a member of that organization I deny the charges made by my colleague the gentleman from California [Mr. LELAND M. FORD] that the American Legion is preaching subversive doctrines. [Applause.]

EXTENSION OF REMARKS

Mr. BROWN of Ohio. Mr. Speaker, I ask unanimous consent to extend my remarks and include an article by William Randolph Hearst which appeared in the Washington Times-Herald on August 21.

The SPEAKER. Is there objection?

There was no objection.

UNITED STATES HOUSING AUTHORITY

Mr. TABER. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. TABER. Mr. Speaker, I want to call attention to the fact that the United States Housing Authority still has on the rolls in its Washington office 1,228 employees in the administrative and 117 in the nonadministrative departments. In the field it has 121 nonadministrative employees, and alleged reimbursable 320. The total is 1,786 as compared with 2,080 a year ago, with very much reduced activities.

I understand that many of these administrative employees are spending their time around here lobbying, trying to get through a great big bill to waste several hundred million dollars more. I think it is about time the brakes were put on the spending operations of this outfit. [Applause.]

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. THORKELSON. Mr. Speaker, I ask unanimous consent to extend my remarks and include five letters which I have received.

The SPEAKER. Is there objection?

Mr. SABATH. Mr. Speaker, I reserve the right to object. There is a limit to everything. There comes a time when patience ceases to be a virtue.

Believing that the defeated Member from Montana [Mr. THORKELSON] would desist after his defeat from inserting this scurrilous, defamatory, and libelous anti-Semitic propaganda, which duplicates the propaganda of Hitler and his Nazi gang, first in Germany, later in Austria, and then in Czechoslovakia, Poland, France, and even Great Britain, all with the willful and malicious purpose, among other things, of creating religious and racial hatred and national discord. I have ignored his daily unanimous-consent requests; but today I had time to glance over yesterday's RECORD to find, to my amazement, that he continues to insert this same malicious and inflammatory matter. His latest insertion is a reprint of six printed pages from some small, weekly sheet that he designates the San Francisco Leader of 1912.

After he receives unanimous consent to extend his own remarks in the RECORD he violates that consent and inserts page after page of these various cheap and unworthy reprints from dubious publications, the reprints having been written by unprincipled, reckless, irresponsible, vicious-minded pamphleteers.

I know that the membership of the House does not even glance at these insertions of the Member; but if they did they would object to his parroting of this Nazi, Fascist, damnable, un-American, scurrilous propaganda.

Mr. THORKELSON. Those are recorded facts.

Mr. SABATH. Facts. Who, outside of yourself, says those are recorded facts?

Mr. THORKELSON. They are taken from the birth records.

Mr. SABATH. By whom, where, and when?

Mr. THORKELSON. Who started the trouble but your own people?

Mr. SABATH. What trouble? The Nazi propaganda, creating discord and the conducting of un-American and subversive activities? You continually espouse the cause of those who are against good government, against good citizenship, and against even simple justice.

Mr. THORKELSON. It is your own people who are against the Government.

Mr. SABATH. Do not say that. You know it is not true. Is it not you and your coterie of Nazi publicists and propagandists who are endeavoring to create trouble? I am perfectly willing that the record of "my own people" be placed alongside the record of a battalion of such men as you and your Nazi-inspired publicists and propagandists, such as, for instance, Pelley, McWilliams, Winrod, Steele, Trevor, Harry Young, Kuhn, and others of their ilk, who are feeding you with this dastardly hogwash.

ADJOURNMENT OVER

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. MICHENER. Mr. Speaker, reserving the right to object, can the gentleman give us some idea what the program will be next week?

Mr. RAYBURN. I am glad the gentleman from Michigan asked that question. The answer is that I cannot.

I want to take this opportunity to put the Members of the House on notice that for the next 2 weeks the program will in all probability be made from day to day. It may be that an emergency would arise whereby the Rules Committee would be asked to meet one hour and take up a rule for consideration the next, even though it required a two-thirds vote.

I think I should say to the Members of the House that it would not be safe for the Members wanting to vote on important public questions to be even 6 hours away from Washington for the next 2 weeks. I cannot say whether on Tuesday of next week the tax bill will be up. I cannot say now whether on Wednesday the so-called selective draft bill will be up; but they will both come just as soon as it is possible to get them before the House for consideration, in order to meet certain situations and contingencies.

So for the next week I do not know what the program will be, nor for the week following, but in all probability any day next week or any day the following week there may be questions of very great importance to Members and upon which they would like very much to be recorded.

I make this statement for this reason also, that Members need not ask what will be the program for 2 days ahead, because I do not know, and I could not know because the things are likely to break pretty fast in the next few days.

Mr. MICHENER. As I understand, Monday is District day, and that will be followed by omnibus claims bills on the Private Calendar, as previously arranged?

Mr. RAYBURN. Yes; that is practically all that will be done on Monday.

Mr. MICHENER. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

EXTENSION OF REMARKS

Mr. HENNINGS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include certain figures relating to the Federal Housing Administration and Stewart McDonald, its Administrator.

The SPEAKER. Is there objection?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. THORKELSON. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. THORKELSON. Mr. Speaker, the article which appears in the Appendix of the RECORD, page 5158, was published in England and was taken from birth records in England. So it must be correct. The other article in the Appendix of the RECORD, on page 5169 was published in the San Francisco Leader in 1912 and was given to the writer of this article by a man from Scotland Yard. It, too, therefore, must be reasonably correct. I hope the Members will read both these articles because they are very illuminating. If they are read the Members will know exactly what Great Britain thinks of us.

EXTENSION OF REMARKS

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to extend my own remarks and to include newspaper articles.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. LEWIS of Ohio. Mr. Speaker, I ask unanimous consent to extend my own remarks and to include therein a letter received from constituents.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. BENDER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Without objection, it is so ordered.
There was no objection.

CAMPAIGN EXPENSES

Mr. BENDER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered.
There was no objection.

Mr. BENDER. Mr. Speaker, Hon. Charles Sawyer, Democratic National Committee man from Ohio was in the city the other day. On leaving the White House, the newspapermen asked him if Mr. Roosevelt would come to Ohio for a political speech, to which he replied: "Oh, no; but you know there is an Army field in Dayton, Ohio."

This seems to be a rather clever device on the part of the President, in using these Army airfields as a stunt for political purposes in making a tour of the country. As a candidate for a third term he should be required to travel on the Democratic Party's expense money and not at the expense of the taxpayers of the country.

The pictures shown in local theaters, of the Army maneuvers at Plattsburg, for instance, where 90,000 men are being trained, show them using Army trucks for tanks, stovepipe for guns, and broomsticks for small arms to carry out their training. Yet the administration is asking us to vote conscription for 4,000,000 men when they have not equipment to supply to the men now in the regular service of the country. [Applause.]

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. EDWIN A. HALL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein a recent editorial from the New Berlin Gazette.

The SPEAKER. Without objection, it is so ordered.
There was no objection.

Mr. McGEHEE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the Record and to include therein a petition from the citizens of Walhalla County, Miss.

The SPEAKER. Without objection, it is so ordered.
There was no objection.

ACTIVE MILITARY SERVICE FOR RESERVE COMPONENTS AND RETIRED PERSONNEL OF THE REGULAR ARMY—CONFERENCE REPORT

Mr. MAY. Mr. Speaker, I call up the conference report on Senate Joint Resolution 286 to strengthen the common defense and to authorize the President to order members and units of reserve components and retired personnel of the Regular Army into active military service, and ask for its immediate consideration.

The Clerk read the title of the resolution.

Mr. MAY. Mr. Speaker, I ask unanimous consent that the statement of the managers may be read in lieu of the report.

The SPEAKER. Without objection, it is so ordered.
There was no objection.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the joint resolution (S. J. Res. 286) to strengthen the common defense and to authorize the President to order members and units of reserve components and retired personnel of the Regular Army into active military service, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its amendments numbered 1, 3, 9, and 19.

That the Senate recede from its disagreement to the amendments of the House numbered 4, 5, 6, 8, 10, 11, 12, 13, 14, and 16, and agree to the same.

Amendment numbered 2: That the Senate recede from its disagreement to the amendment of the House numbered 2, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following: "(except that any person in the National Guard of the United States under the age of 18 years so ordered into the active military service shall be immediately issued an honorable discharge from the National Guard of the United States)"; and the House agree to the same.

Amendment numbered 7: That the Senate recede from its disagreement to the amendment of the House numbered 7, and agree to the same with an amendment, as follows: In lieu of the matter

proposed to be inserted by the House amendment insert the following after "attained." on page 3, line 2 of the Senate engrossed joint resolution: "In addition, each such person who is assigned to such active duty or ordered into such active military service shall be given a physical examination at the beginning of such active duty or service and a medical statement showing any physical defects noted upon such examination; and upon the completion of the period of such active duty or service, each such person shall be given another physical examination and shall be given a medical statement showing any injuries, illnesses or disabilities suffered by him during such period of active duty or service"; and the House agree to the same.

Amendment numbered 15: That the Senate recede from its disagreement to the amendment of the House numbered 15, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

"(c) Any person who is restored to a position in accordance with the provisions of paragraphs (A) or (B) of subsection (b) shall be so restored without loss of seniority, insurance participation or benefits, or other benefits, and such person shall not be discharged from such position without cause within one year after such restoration.

"(d) In case any private employer fails or refuses to comply with the provisions of subsection (b) or subsection (c), the".

And the House agree to the same.

Amendment numbered 17: That the Senate recede from its disagreement to the amendment of the House numbered 17, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

"Upon application to the United States district attorney for the district in which such private employer maintains a place of business, by any person claiming to be entitled to the benefits of such provisions, such United States district attorney, if reasonably satisfied that the person so applying is entitled to such benefits, shall appear and act as attorney for such person in the amicable adjustment of the claim or in the filing of any motion, petition or other appropriate pleading and the prosecution thereof to specifically require such employer to comply with such provisions: *Provided*, That no fees or court costs shall be taxed against the person so applying for such benefits."

And the House agree to the same.

Amendment numbered 18: That the Senate recede from its disagreement to the amendment of the House numbered 18, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

"(e) Any member of any reserve component of the Army of the United States below the rank of captain who is ordered into the active military service of the United States pursuant to this joint resolution, who has any person or persons dependent solely upon him for support, and who has no other means of support except the wages, salary or other compensation for personal services that he earns, may resign or shall be discharged upon his own request made within twenty days of the date of his entry into such active military service."

And the House agree to the same.

A. J. MAY,
EWING THOMASON,
DOW W. HARTER,
DEWEY SHORT,
W. G. ANDREWS,

Managers on the part of the House.

MORRIS SHEPPARD,
ROBT. R. REYNOLDS,
SHERMAN MINTON,
ELBERT D. THOMAS,
WARREN R. AUSTIN,
STYLES BRIDGES,
CHAN GURNEY,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the House to the joint resolution (S. J. Res. 286) to strengthen the common defense and to authorize the President to order members and units of reserve components and retired personnel of the Regular Army into active military service submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

On amendment No. 1: The Senate joint resolution authorized the President during the period ending June 30, 1942, to order into the active military service of the United States for a period of 12 consecutive months any or all members and units of any or all reserve components of the Army of the United States. This House amendment limited the authority of the President to any or all members and units of the National Guard and the Organized Reserves of the Army of the United States. The House recedes.

On amendment No. 2: This amendment provided that each young man in the National Guard under the age of 18 years should be immediately issued an honorable discharge. There was no corresponding provision in the Senate joint resolution. The conference agreement provides that each young man in the National Guard of the United States under the age of 18 years ordered into

the active military service of the United States as provided in the joint resolution shall be immediately issued an honorable discharge from the National Guard of the United States.

On amendment No. 3: This amendment provided that persons called into the active military service should be entitled to such allowances for dependents as may be prescribed by the President, which was to be in addition to any other pay provided by law. There was no corresponding provision in the Senate joint resolution. The House recedes.

On amendments Nos. 4, 5, 6, 8, 10, and 11: These amendments made technical and clarifying changes in the provisions of the joint resolution relating to the restoration to employment of persons who are on active duty or assigned to active duty and who are ordered into the active military service under the provisions of the joint resolution. The Senate recedes.

On amendment No. 7: This amendment provided that persons called into service under the joint resolution should be given a statement showing physical defects at the time he entered the service and upon discharge should be given a medical certificate showing any injuries, illnesses or, disabilities suffered by him while in the service. There was no corresponding provision in the Senate joint resolution. The conference agreement clarifies the House amendment and includes persons on active duty as well as those ordered into active military service under the joint resolution.

On amendment No. 9: The Senate joint resolution extended the reemployment provisions to persons in the active military service who left positions other than temporary positions. The House amendment in effect defined a temporary position as one held less than 1 year. The House recedes.

On amendments Nos. 12, 13, and 14: These amendments, relating to the requirement that persons be restored to their employment upon the satisfactory completion of their period of service or active duty under certain conditions, provided for restoring the seniority of such persons as well as their status and pay as provided in the Senate joint resolution. The Senate recedes.

On amendment No. 15: The Senate joint resolution provided that any person restored to a position in private employment or with the Government of the United States (including Territories and possessions) or the District of Columbia should be restored without loss of seniority, insurance participation or benefits, or other benefits, and that such person should not be discharged from such positions without cause within 1 year after such restoration. This House amendment eliminated this provision. The conference agreement restores it.

This amendment also eliminated the provision of the Senate joint resolution that the failure or refusal of any private employer to comply with the provisions requiring the restoration to their former positions of persons on active duty or called into active military service should be an unfair labor practice within the meaning of the National Labor Relations Act. The amendment also eliminated the restriction of the Senate joint resolution that it was only in cases where no remedy was available under the National Labor Relations Act to require compliance by any employer with the provisions relating to restoration to employment that the individual could institute proceedings in the district court of the United States for the district in which the employer maintains a place of business, and allowed the individual to proceed in the district court in any case in which the private employer failed or refused to comply with the reemployment provisions. The conference agreement retains the House provision with clarifying changes.

On amendment No. 16: This is a technical amendment. The Senate recedes.

On amendment No. 17: This amendment provided that any person claiming to be entitled to the benefits of the reemployment provisions might apply to the United States district attorney for the district in which the private employer maintains a place of business to appear and act as attorney for him in the amicable adjustment of the claim or in filing any appropriate motion, petition, or other appropriate pleading to require the employer to comply with such provisions, and the district attorney was required to so act if he was reasonably satisfied that the person applying for such benefits was entitled thereto. There was no corresponding provision in the Senate joint resolution. The conference agreement retains the provision of the House amendment with clarifying changes and provides also that no fees or court costs are to be taxed against the person applying for such benefits.

On amendment No. 18: The Senate joint resolution provided that any member of the National Guard might resign within 20 days after being ordered into the active military service if at that time he had dependent upon him a wife or child or both and had no means with which to support such dependents except the wages or salary he could earn. This House amendment provided for the discharge of any member of the National Guard and the Organized Reserves under similar circumstances. The conference agreement provides that any member of any reserve component of the Army of the United States below the rank of captain who is ordered into the active military service under the provisions of the joint resolution, who has dependents, and who has no other means of support except the wages, salary, or other compensation for personal services that he earns, may resign or shall be discharged upon his own request within 20 days of the date of his entry into such active military service.

On amendment No. 19: The Senate joint resolution extended the benefits of the Soldiers and Sailors Civil Relief Act of March 8, 1918, to all personnel ordered into the active military service under

the authority of the joint resolution during their period of such service and for 60 days thereafter. For the purposes of that act the term "persons in military service" was extended to persons so ordered into the active military service. The House amendment added to this definition retired and reserve personnel of the Navy, Marine Corps, and Coast Guard who have been or may hereafter be ordered into the active duty. The House recedes.

A. J. MAY,
EWING THOMASON,
DOW W. HARTER,
DEWEY SHORT,
W. G. ANDREWS,

Managers on the part of the House.

The SPEAKER. The gentleman from Kentucky is recognized for 1 hour.

Mr. MAY. Mr. Speaker, I yield 30 minutes of the hour to the gentleman from New York [Mr. ANDREWS], and I yield myself 15 minutes.

The SPEAKER. The gentleman from Kentucky is recognized for 15 minutes.

Mr. MAY. Mr. Speaker, I think a general explanation of what happened at the conference on this bill will satisfy practically every Member on the floor of this House that the conference report ought to be adopted without very much discussion. It is my recollection of the debate in the House during consideration of the Senate joint resolution that the object and purpose of practically every man was to see to it that no injustice was done to any National Guard man who might be called under the provisions of this bill. It occurred to me at that time, and I think I correctly state the fact, that we were all trying to safeguard the rights of every guardsman who might be called by the President. When we met the Senate conferees we found an identical desire on the part of the Senate. Both the House and the Senate conferees were determined to see to it that the bill was made as fair as possible and so long as it could be done consistent with the general welfare and protection of the country no man who may be called in the guard would be discriminated against or be required to assume unnecessary burdens. With this spirit motivating the conferees to the two Houses we began consideration of the 19 amendments in controversy between the House and the Senate.

On disagreeing amendment No. 1 the Senate had authorized the President to order into active training and service for a period of 12 consecutive months up until 1942 any or all members and units of any or all Reserve components of the Army of the United States. The House amendment limited this authority of the President to all of the members or units of the National Guard, and the Organized Reserves of the Army of the United States. On this the House receded because under the House provision the President would be unable to utilize several members of the Reserve components, and this would have interfered materially with the proper coordinated activity of the National Guard as an organization and as a whole.

Mr. PACE. Mr. Speaker, will the gentleman yield?

Mr. MAY. In just a minute.

Mr. Speaker, Major General Reckord, who is the legislative agent and representative of the National Guard, appeared before our committee. He urged that the independence and the self-control of the National Guard as an organized unit of our armed forces should be maintained in its own right just as much as possible. This agreement on that feature of the resolution protects the National Guard in every possible way that we could think of.

Mr. ANDREWS. Will the gentleman yield?

Mr. MAY. I yield to the gentleman from New York.

Mr. ANDREWS. The only question on this side of the House is in regard to amendment 15. I wonder if the gentleman will amplify the statement there somewhat.

Mr. TABER. Will the gentleman yield?

Mr. MAY. I yield to the gentleman from New York.

Mr. TABER. Frankly, I cannot understand the amendment. I cannot understand it the way it appears and I do not know what it means. I do not know whether it means that a man who goes into the service will go back into the service of

the employer where he left off or whether for all the time he is out we attempt to make the employer provide certain increments and that sort of thing. I would like to have the gentleman's construction of what that language means.

Mr. MAY. The gentleman is talking about amendment No. 15?

Mr. TABER. Yes; and the matter that appears here under (c) and (d).

Mr. MAY. Under amendment No. 15 the original Senate resolution contained a provision which declared the failure of an employer to reemploy the guardsman on his return from the training period to be an unfair labor practice. The House struck out that provision, and also the provision which authorized the National Labor Relations Board to determine the question whether the man should or should not be restored.

When we came to a discussion of that in the conference, the Senate receded on the provision relating to the National Labor Relations Board and accepted the House provision, which was offered by the gentleman from Maryland [Mr. COLE] and makes the district attorney of the United States in the district where the employee resides counsel for the guardsman. In addition to that, and to take care of what we thought might eliminate the necessity of a guardsman suing in forma pauperis, or to sue as a pauper, which we did not want to put upon him, we provided that he should not be required to pay any costs, and that the United States district attorney should represent him. The provision would require the employer to reemploy the man immediately upon his applying for reinstatement to his former position.

Mr. HARNESS. Will the gentleman yield?

Mr. MAY. I yield to the gentleman from Indiana.

Mr. HARNESS. I think the question asked by the gentleman from New York [Mr. TABER] had reference to this provision. There was inserted by the conferees, after the committee struck it from the bill, the following:

Any person who is restored to a position in accordance with the provisions of paragraphs (a) and (b) of subsection (b) shall be restored without loss of seniority, insurance participation, or benefit or other benefits.

We all know what it means when we say, "Without loss of seniority." We know what it means to say without loss of insurance participation, but what does it mean when it refers to other benefits? Does that mean that the employer during the year that this man is in the service must continue to pay his social security tax, his unemployment compensation tax and so forth?

Mr. MAY. I do not think it means that. You will find that in amendments numbered 12, 13, and 14 the House inserted the word "seniority" relating to a position held by the guardsman. It is inserted in three places, and provides that he shall be restored to his seniority status. In other words, if a man is a Civil Service employee in the Government of the United States and is called into service, he shall be restored on his return to the senior position he held before he left without losing that seniority position. Likewise, with a railroad employee, under a system of seniority rights on the railroad that gives the older men in the service priority over the others, that man when he returns shall be restored to his seniority position.

Mr. HARNESS. There cannot be any objection on the part of anybody to that. It is the other provision which says, "or other benefits." What do you mean by that? Can anybody interpret just exactly how far that language will go?

Mr. MAY. The gentleman knows other benefits would cover any of the questions that arose with reference to his rights.

Mr. HARNESS. His other benefits are social security—

Mr. MAY. Yes.

Mr. HARNESS. Unemployment compensation—

Mr. MAY. Yes.

Mr. HARNESS. And probably many others in the various States where they are employed by private industry. Must the employer during the year this man is in the service con-

tinue to pay out this tax for social security and unemployment insurance to comply with that provision?

Mr. MAY. The gentleman is a member of the House Military Affairs Committee and knows that that committee is now considering another measure involving the question of the civil rights of all these men and it will consider in that connection the question of rents, unemployment insurance, social security, and all of those features. It was stated in general debate that that bill would be deferred and considered by the committee later.

Mr. HARNESS. I understand that, but we also understand that the committee struck this out because it was so ambiguous nobody knew exactly what it meant. I would like to know what the conferees had in mind when they restored those words.

Mr. MAY. I can only speak for myself so far as the minds of the conferees are concerned. We provided in subsection (d) there a stipulation in lieu of that which is embraced in amendments 16, 17, and 18.

Mr. VOORHIS of California. Will the gentleman yield?

Mr. HARNESS. I yield to the gentleman from California.

Mr. VOORHIS of California. I wish to ask the gentleman two questions. First, amendment No. 17 as agreed on by the committee of conference is somewhat different from the language that was contained in the House bill. Do I correctly understand that this language as agreed to in conference means that a man does not have to sue in court but can simply go to the district attorney, and, if he makes an effective representation of his case, the district attorney may then decide to appear in his behalf?

Mr. MAY. The gentleman is correct.

Mr. VOORHIS of California. In other words, it is largely up to the district attorney to determine what he is going to do under those circumstances?

Mr. MAY. It is up to the district attorney to determine upon the representations of the guardsman who comes back and says, "I have lost my job and my employer will not return it to me," whether or not it is likely that he should go into court on it. He would act in the same capacity that a private lawyer employed by a private client would act on the question of giving him proper advice as to whether he should or should not do it.

For instance, this might happen: The guardsman might have been working for some corporation that had limited capital at the time he went into the service. This corporation may be in bankruptcy or in receivership when he comes back. He goes to his former employer and says, "Now, I have to have my job back." The court is in charge of the corporation. The district attorney in that instance undoubtedly would inform him that he could not enforce his right. That is what it means.

Mr. VOORHIS of California. Would he have to prove anything in order to get the benefit of the advice of the district attorney?

Mr. MAY. No. He has to convince the district attorney that he ought to be considered, and that he has a legal right which has been denied him, and one justifying going to court.

Mr. VOORHIS of California. In the bill governing civil rights, on which the gentleman's committee is working, will there be a provision for allowance for dependents?

Mr. MAY. I believe all those questions will be considered.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. MAY. I yield to the gentleman from Pennsylvania.

Mr. RICH. I should like to ask a question in reference to amendment No. 15. An employer wants to try to comply with amendment No. 15 and give this man his job, as the gentleman from Indiana [Mr. HARNESS] has said, and other benefits. Every manufacturer probably gives benefits to his employees in greater or less degree. If this man is going to be excused for 1 year, and the manufacturer fills the position with another individual, and the other individual has given good service, being interested in trying to work for himself and to his own advantage, then, notwithstanding the fact that we want to take care of the man who has left to go into the

service, the manufacturer is put into this position: He probably cannot use anybody else and needs only one man, yet this man has worked for him for 1 year and has rendered good service, doing his work in a proper manner, and now he has to replace him with this guardsman.

Mr. MAY. All those questions will be determined by the district court if the question arises, where the guardsman would be represented by the district attorney and the manufacturer would be represented by his own counsel.

[Here the gavel fell.]

Mr. MAY. Mr. Speaker, I yield myself 2 additional minutes.

Mr. RICH. Will the manufacturer in any way come in conflict with the National Labor Relations Board because he has hired this man for a year to replace the guardsman?

Mr. MAY. Most assuredly not, because we struck out the National Labor Relations Board for the reason that it was believed that the man was entitled to a trial in his local community before his local courts, where he could have his friends and his witnesses to determine the question, instead of having to come all the way to Washington to determine it.

Mr. RICH. The law is that the National Labor Relations Board has jurisdiction over that.

Mr. MAY. No. This bill takes the jurisdiction away from them.

Mr. RICH. That is what I wanted to know.

Mr. PACE. Mr. Speaker, will the gentleman yield?

Mr. MAY. I yield to the gentleman from Georgia.

Mr. PACE. What is the difference between the Reserve components, on the one hand, and the National Guard and the Organized Reserves, on the other hand? I understand that the conferees have accepted the term "Reserve components," and stricken out the House language, "the National Guard and the Organized Reserves." What is included in the Senate language is not included in the House amendment?

Mr. MAY. The House amendment, which provides for the National Guard of the United States and the Organized Reserves, is the broader of the two, and it recognizes the distinction between a member of the National Guard as a State trooper before he is called into active service and a member of the National Guard as a Federal trooper in case of emergency when he is called by the President. This is the very distinction in which the National Guard was so vitally interested.

Mr. PACE. What did the gentleman mean by saying the conferees wanted to keep the National Guard intact? Do I correctly understand they are to go into the service and maintain their individual units separate from the Regular Army?

Mr. MAY. No. They are to be subject to command in any groups into which they are called, in divisions or in companies, and they would be intermingled in service. But when they go out of the Federal service and resume their status or when they conclude this training at the end of 12 months and go back to their original status, it perpetuates or preserves the National Guard organization as distinguished from the Regular Establishment. That is all that means.

[Here the gavel fell.]

Mr. MAY. Mr. Speaker, I yield 30 minutes to the gentleman from New York [Mr. ANDREWS].

Mr. ANDREWS. Mr. Speaker, so far as I know, those on the minority side have no objection to the conference report covering the first 14 amendments. On amendment number 15 there does seem some question as to the definition of the term "or other benefits," and what these actually include. It has been brought out in the hearings before the committee that possibly some amendment to the Social Security Act will have to be effected in legislation for the benefit of members of the National Guard; in fact, it has been recommended to the committee by one of the senior National Guard commanding officers. Whether or not it would be worth while to oppose agreement on this amendment number 15 and instruct the conferees to insist upon an amend-

ment providing for the deletion of certain words, I do not know. I would be pleased to yield to any Member in this connection who may care to speak upon it.

Mr. BROWN of Ohio. Mr. Speaker, will the gentleman yield?

Mr. ANDREWS. I yield.

Mr. BROWN of Ohio. As far as the social-security taxes are concerned and the unemployment taxes, those taxes are based only upon pay rolls and if the members of the National Guard are not on the pay roll of any industrial concern, then there would be no taxes to pay on their wages or salaries, and I do not see how this could apply to the social-security law. I understand that some employers have agreed to pay to the National Guard men the difference between their civilian wage and the salary or the wage they will receive as a member of the National Guard. If that is true and that difference appears on the pay roll of the company, then it is my understanding they will be compelled to pay the social-security tax on that wage and also the State and Federal unemployment tax.

Mr. ANDREWS. That is true.

Mr. THOMASON. Mr. Speaker, will the gentleman yield?

Mr. ANDREWS. I yield.

Mr. THOMASON. Does the gentleman understand that part of subsection (c) "or other benefits" includes social security payments?

Mr. ANDREWS. I am not certain as to what the expression "other benefits" does comprise.

Mr. THOMASON. I do not myself. I am inclined to think it does and I do not know how else you could provide for it, because would not a man's benefits lapse if somebody did not keep them up? And if a guardsman who has gone off on a year's training is unable to pay them, then would the employer keep up those social-security benefits until his return?

Mr. BROWN of Ohio. Mr. Speaker, will the gentleman yield?

Mr. ANDREWS. I yield.

Mr. BROWN of Ohio. There will be no social-security tax to pay if these National Guard men are not on the pay roll. In other words, the moment a man goes off the pay roll of an industrial concern there is no social-security tax to pay and there is no unemployment tax to pay.

Mr. THOMASON. I must confess I do not know what the construction of that language would be in regard to social-security payments.

Mr. BROWN of Ohio. If some of these companies pay the difference between the National Guard wage and the wage he receives in civilian employment and that goes on the company pay roll or the pay roll of the industrial concern, then, of course, the tax must be paid by the company.

Mr. THOMASON. Of course, there will be some liberal and patriotic employers who will do that, but it is very likely also there will be some who will not, so that a man who has gone off for a year's training ought not to lose whatever benefits he may have had at the time he was forced into the service.

Mr. MAY. Mr. Speaker, will the gentleman yield?

Mr. ANDREWS. I yield.

Mr. MAY. If I recall it correctly, I think the conferees in the discussion of that matter also had in mind a case of this kind. A man goes into training with the guard and he has a house which he bought on the installment plan under the Federal Housing Administration, we will say, at \$30 a month. During the 12 months that he has been in training, 12 of those payments have accrued and may be unpaid. When he goes into the court on that question, they can litigate that matter also and determine whether or not that man's indebtedness might be assumed by the mortgagor or the mortgagee and as between them, whether it should constitute a lien on the house. Those are some of the rights involved in the matter.

Mr. HARNESS. Mr. Speaker, will the gentleman yield?

Mr. MAY. Yes.

Mr. HARNES. That matter will be taken care of under the soldiers and sailors' civil-rights bill?

Mr. MAY. Certainly.

Mr. HARNES. Then why is it necessary to complicate this bill by inserting in the bill these words when nobody knows just what they mean?

Mr. MAY. Well, the phrase "other rights" means any rights that the soldier has.

Mr. HARNES. Of course, nobody wants to deprive him of any of his rights that he had at the time he left.

Mr. MAY. We intended to broaden it to protect every right he has.

Mr. HARNES. By doing that are you not imposing upon industry a burden that you do not intend to impose?

Mr. MAY. No; we do not think it is a burden upon industry, because they can adjust those things very easily, and it would be a greater burden upon the individual than it would be upon industry. However, I do not have the floor myself. The gentleman from New York [Mr. ANDREWS] has the floor.

Mr. ANDREWS. Mr. Speaker, I move the adoption of the conference report insofar as amendments numbered 1 to 14 are concerned.

The SPEAKER. The Clerk will report the motion.

The Clerk read as follows:

Mr. ANDREWS moves the adoption of the conference report on amendments Nos. 1 to 14, inclusive.

The SPEAKER. The Chair holds that under the rules the gentleman cannot move to adopt a conference report in that way.

Mr. MAY. Mr. Speaker, I move the adoption of the conference report as a whole.

The SPEAKER. The question is on agreeing to the motion of the gentleman from Kentucky.

The conference report was agreed to, and a motion to reconsider the vote by which the conference report was agreed to was laid on the table.

EXTENSION OF REMARKS

Mr. BOEHNE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting an article by Mr. Rukseyer in the Washington Post of Friday, August 16, 1940.

The SPEAKER. Is there objection?

There was no objection.

REQUISITION OF CERTAIN ARTICLES FOR USE BY UNITED STATES

Mr. LEWIS of Colorado. Mr. Speaker, I call up House Resolution 547, which I send to the desk and ask to have read.

The Clerk read as follows:

House Resolution 574

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for consideration of H. R. 10339, a bill to authorize the President to requisition certain articles and materials for the use of the United States, and for other purposes. That after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Military Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

Mr. LEWIS of Colorado. Mr. Speaker, I yield 30 minutes to the gentleman from Michigan [Mr. MICHENER], and at this time yield also 5 minutes to myself.

Mr. TABER. Mr. Speaker, will the gentleman yield for a question?

Mr. LEWIS of Colorado. Yes.

Mr. TABER. On page 2 of the bill, line 15, provision is made that the owner of this property taken is authorized to sue the United States. The bill does not state in what court. It seems to me that that should be clarified. There is one other thing. There is no limitation here upon anything.

If property is to be taken, it seems to me that the fund out of which the money is to come for that purpose should be stated.

Mr. LEWIS of Colorado. I think we should defer that question until we dispose of the rule, or, if the gentleman insists on it at this time, I yield to the gentleman from Kentucky [Mr. MAY], the chairman of the Committee on Military Affairs, to answer the question.

Mr. MAY. Mr. Speaker, I do not know that I heard the question exactly.

Mr. TABER. In the first place, the man whose property is taken is authorized to sue the United States. The bill does not state in what court. It seems to me that that should be stated; that that would be the proper way to do.

Mr. SMITH of Connecticut. The bill refers to the sections which allows suit in the Court of Claims and in the district court, when it is below \$10,000.

Mr. MAY. That is correct.

Mr. TABER. And it seems to me also that some method should be provided out of which funds would be available; that is, the money ought to be paid out of funds appropriated for the purpose.

Mr. MAY. Of course, we cannot provide an appropriation in this particular legislation. It would be an infringement upon the prerogatives of the gentleman's own committee. The idea was that it would be left to the House Committee on Appropriations to determine out of what funds the money shall be paid. Furthermore we threw around the bill every possible safeguard providing that where machine tools or other equipment needed by the Federal Government—and there is a lot of them up and down the coast—where they are embargoed or held up under Executive order, a license system is set up, whereby the President shall fix a valuation on the property, 50 percent of which shall be paid in cash, and then the owner allowed to litigate the remainder of it, so that the Government would be represented in court in every instance.

Mr. LEWIS of Colorado. Mr. Speaker, this is an open rule providing for not to exceed 1 hour of general debate on the Faddis bill (H. R. 10339) to authorize the President to requisition certain articles and materials for the use of the United States, and for other purposes. The bill will be fully explained by the members of the Committee on Military Affairs. There is nothing unusual about the rule. I reserve the remainder of my time and ask the gentleman from Michigan to use some time.

Mr. MICHENER. The gentleman from Colorado [Mr. LEWIS] has explained what this rule is. The Rules Committee is not fully advised as to the details of the bill.

There are no requests for time on this side, Mr. Speaker; therefore I will not use any time.

Mr. LEWIS of Colorado. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

Mr. MAY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 10339) to authorize the President to requisition certain articles and materials for the use of the United States, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 10339, with Mr. WILLIAMS of Missouri in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. MAY. Mr. Chairman, I yield 10 minutes to the gentleman from Connecticut [Mr. SMITH].

Mr. SMITH of Connecticut. Mr. Chairman, I do not believe any extended explanation is necessary on this bill.

As you will recall, in the Defense Act this year we included a section which allowed the President to prohibit or curtail exportation of tools, machinery, munitions, and parts thereof, supplies and materials necessary in their manufacture, if that course was necessary to conserve in this country a supply of those articles for our own defense.

Under section 6 of the Defense Act, there have been regulations set up and applications for licenses to export have been made as to various machine tools particularly which are considered necessary for our own defense program. At the present time licenses have been refused to foreign governments or companies to export such articles as machine tools designed for the manufacture of military aircraft engines; machine tools for the production of gun barrels for cannon. Some of those have been refused export licenses and now lie on the docks where they have been held up. In some cases the owners have been willing to allow the companies who manufactured them to take them back, or to allow this Government to take them over; but there are instances today where there are several machine tools, quite a number, in fact, which are useful in the manufacture of aircraft engines of the type that we now use in our own military aircraft, which are on the docks and in which the owners, the foreign corporation controlled by a foreign government, at least in one case, refuses to release them for resale.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Connecticut. I yield; surely.

Mr. RICH. Suppose our manufacturing concerns had orders for machine tools and equipment, say for France, which did not correspond to the same gages or the same equipment that our Army or our Navy might wish to use, or our manufacturers might wish to use, would it be that we are going to try to take over that equipment in order to save the manufacturer who had orders from France, and that we, in turn, now will take them over and the taxpayers will have to pay for them because of the default of France in not being able to take them?

Mr. SMITH of Connecticut. That is not the intention and I do not think could be the interpretation of this bill.

Mr. RICH. What would be the possibility?

Mr. SMITH of Connecticut. I think it is inconceivable that any official, carrying out the terms of this bill, would take over anything not necessary for our own defense program. In most cases machine tools, particularly at the present time, major machine tools which can be used for various purposes would be necessary for our defense program, as the gentleman knows. There might be special ones which were not of the proper caliber, particularly special small tools which are used in the major machine tools—and those things would not be covered by this legislation.

Mr. RICH. There is no chance for us to bail out somebody at the expense of the taxpayers?

Mr. SMITH of Connecticut. It is not the intention and would not be done, I am sure.

Mr. HOLMES. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Connecticut. I yield.

Mr. HOLMES. With reference to this material which this legislation is supposed to retrieve for the United States, have not these foreign governments or their agents paid the manufacturer for the making of those machines? Is it not the usual custom, when a foreign government or its agent orders machine tools in the United States, that the foreign government or agent pays the manufacturer for them before they are shipped?

Mr. SMITH of Connecticut. I believe the usual course is payment of cash on the delivery of the shipping documents, and in those cases—in almost all cases—the purchase price has been paid before delivery of the articles to the foreign government. But there is no authority under our law today for our Government to requisition those materials, even though they be needed and vitally necessary today for our own production program and in the production of weapons and the production of aircraft engines, for instance. It is

possible under present existing conditions for a foreign government which is not particularly friendly to hold those tools and material and merely let them lie on the dock in order that our Government cannot get them.

Mr. HOLMES. In other words, we are going to deal with foreign governments and their agents. This is not legislation that will reach our own individual manufacturers here?

Mr. SMITH of Connecticut. It may be possible that some of these things are in the hands of our own manufacturers but that they are bound by contract to a foreign government even though the foreign government has not as yet taken title to them. It may therefore be necessary to take over some where title has not actually passed to a foreign government.

Mr. HOLMES. And deal directly with our own manufacturers.

Mr. SMITH of Connecticut. Yes.

Mr. PACE. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Connecticut. I yield.

Mr. PACE. In that case we may first have to go through the process of refusing an export license.

Mr. SMITH of Connecticut. If an export license has been refused, if there has actually been shown an intention to export, then even though the refusal may not have come before the enactment of the bill, if there is shown an intention to export this material, those involved might be affected by the bill—in the case of material earmarked in some way that can be shown definitely it was intended for export.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Connecticut. I yield.

Mr. O'CONNOR. I notice a statement in the report—where these articles are destined to foreign governments but are needed in our program of national defense—just what is meant by that statement?

Mr. SMITH of Connecticut. We are short, for instance, of capacity to build aircraft engines of the higher horsepowers which are useful in military aircraft. We are expanding our production facilities as fast as possible, building the machine tools necessary to manufacture these engines, but at the present time we are short of them and will be for some time. These same tools are useful to foreign governments also. In some instances over the last few years foreign governments have ordered such tools and they have been completed but have been held up from export by action under section 6 of the Defense Act because they are needed for our own defense program.

Mr. O'CONNOR. It is not the purpose, then, to sell this material to some other country?

Mr. SMITH of Connecticut. It is to prevent delivery to any other country and take them over for our own use. The manufacturers are already prevented from delivering them to other countries by operation of section 6 of the Defense Act. They are embargoed, held here. This bill would allow us to take them and use them in our own defense program.

Mr. O'CONNOR. Then this sentence I just read is a method of designation rather than showing where the materials are to be shipped; is that it?

Mr. SMITH of Connecticut. It might have been better to say that they were destined to foreign governments, but are now held up.

Mr. O'CONNOR. Then they are not going to foreign governments?

Mr. SMITH of Connecticut. They are not going to foreign governments.

Mr. O'CONNOR. That is what I wanted to find out.

Mr. RICH. Mr. Chairman, will the gentleman yield further?

Mr. SMITH of Connecticut. I yield.

Mr. RICH. Suppose a manufacturer has an order from a foreign country that is going to be unable to take the equipment they ordered. The foreign country has put money in the banks of this country and it is lying there to be turned over to the manufacturer as soon as the manufacturer has the material ready for delivery. Suppose delivery is to be made at the dock. The material is still in course of manu-

facture. Would this bill prohibit the manufacturer from going ahead on that foreign government order so that we could get the things that are actually necessary for our own manufacturing processes?

Mr. SMITH of Connecticut. It would not apply to any articles that are not actually necessary for our own manufacturing processes. If contractual relationships were entered into between a manufacturer and a foreign government on things that were not found necessary by the President, that, of course, would be handled through another agency such as that handled by the Assistant Secretary of War in charge of procurement of this equipment for our own defense. If he found some of it was necessary for our own defense, he could then take it over.

Mr. RICH. I am speaking about the case of a manufacturer who is now working on an order trying to complete it for delivery. He has the contract, he knows the money is in the bank to be paid to him upon delivery. Would he be allowed to go ahead and complete that order? If not, there ought to be some way provided to notify the manufacturer that he could not get his money, that the country that has placed the order does not need the material. It seems to me that if we want to protect the American manufacturer, or at least the taxpayers, this bill should contain some such provision, because eventually the Government might want to take over this material only to find then that they would have to make changes in it because it was not the kind of material we needed; for instance, for the particular engines we were manufacturing. I think that is a point this bill should cover, if possible, so that our manufacturers will not continue to manufacture something they cannot export and that we ourselves cannot use without further changes and alterations.

Mr. SMITH of Connecticut. I think the manufacturers would protect themselves in that situation.

Mr. RICH. The only thing I am afraid of is that our manufacturers will be allowed to go ahead on these foreign contracts, and that when the time comes that we might have to take the contracts over we would find the material manufactured under the contracts was of no use to us.

[Here the gavel fell.]

Mr. MAY. Mr. Chairman, I yield 5 additional minutes to the gentleman from Connecticut.

Mr. SMITH of Connecticut. I do not think it would have that effect.

Mr. RICH. I hope not.

Mr. ELSTON. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Connecticut. I yield.

Mr. ELSTON. Can the gentleman state how much is now on hand, or in process of manufacture, or how much would be involved in this bill?

Mr. SMITH of Connecticut. I cannot tell the gentleman that. I know there are several major machine tools useful in the manufacture of the Pratt-Whitney engines title to which is in the export company.

There is at least one major gun lathe. The amount up to this time would probably be in the neighborhood of several hundred thousand dollars, but the amount which it might reach may be considerably higher than that, depending on the total amount. We do not have the evidence as to the total amount which has been ordered by foreign governments and is now in the course of manufacture which we could use. Of course, parts of that have up to this time been released so they are available on the market. It is only in a relatively small but highly important number of items this bill would take effect.

Mr. ELSTON. Does the gentleman construe this bill to mean that if there is any material in process of manufacture, the manufacturer would have to get the consent of the President to sell it to another private industry? This bill provides that the President is authorized to purchase on behalf of the United States any of this equipment. Does the gentleman think that means a manufacturer could not sell by a private transaction unless he went to the President and got a waiver or permission?

Mr. SMITH of Connecticut. If it were destined for export on a foreign contract and if it were within the classification of these articles, the exportation of which has been denied. I do not think it would prevent any dealing with it on the part of the manufacturer, but it would be subject to requisition if it came within that classification by the Government, whether in the hands of that manufacturer or in someone else's hands. Of course, the value would be paid by the Government if requisitioned.

Mr. SCHAFER of Wisconsin. Will the gentleman yield?

Mr. SMITH of Connecticut. I yield to the gentleman from Wisconsin.

Mr. SCHAFER of Wisconsin. The gentleman mentioned that this bill applied to some machine tools, the title of which is held by the Russian Soviet Government.

Mr. SMITH of Connecticut. As I understand it.

Mr. SCHAFER of Wisconsin. Does the gentleman think it is fair to our taxpayers to take money from our almost bankrupt Federal Treasury to pay the Communist Russian Government for these tools when the Russian Soviet Government is now in default and owes the Government of the United States more than \$685,000,000 and refuses to pay one penny on that obligation? Should not the bill be amended so that we will give them a receipt as a partial payment on their debt?

Mr. SMITH of Connecticut. I am afraid the gentleman is bringing up another subject.

Mr. SCHAFER of Wisconsin. No; I am not.

Mr. SMITH of Connecticut. That matter has been discussed in the committee. We were unable to reach a conclusion, although every member of the committee would desire such a conclusion. We were unable to provide for that without opening up other subjects. If we start taking over articles belonging to a foreign corporation which belongs really to a foreign government and which have actually been paid for in cash, we may start seizures of our own ships in foreign ports.

Mr. MAY. Will the gentleman yield?

Mr. SMITH of Connecticut. I yield to the gentleman from Kentucky.

Mr. MAY. Is it not entirely possible, in fact it can be done under the provisions of this bill which provides for determining the value of the property, and if there is litigation the rights of everybody concerned can be determined in that litigation, such as the question of title, the question of value, and so forth?

Mr. HINSHAW. Will the gentleman yield?

Mr. SMITH of Connecticut. I yield to the gentleman from California.

Mr. HINSHAW. I do not find in this bill any provision for the disposition of these materials that may be taken over by the Government. Is there present authority for disposition after they have once been requisitioned?

Mr. SMITH of Connecticut. There is authority, as I understand it, either for use in the armories or for furnishing under the Defense Act, either on loan or by sale.

Mr. HINSHAW. They may be furnished to the aircraft or any other industries or they may be sold as they see fit?

Mr. SMITH of Connecticut. Under the Defense Acts passed this year, I believe there is sufficient authority to handle them in any way that is best suited to the defense program.

Mr. HINSHAW. And at any price the Government may choose to fix?

[Here the gavel fell.]

Mr. MAY. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. SMITH of Connecticut. It would be under the same terms as the machinery already held by the Government in the arsenals as a reserve of machinery for an emergency, which can be loaned to private industry, if necessary in conjunction with contracts for the production of material and equipment, and this would be in no different position.

Mr. STEFAN. Will the gentleman yield?

Mr. SMITH of Connecticut. I yield to the gentleman from Nebraska.

Mr. STEFAN. As I understand, this legislation is a companion to the legislation we already have in that we make provision that we take over any implements of war or airplanes in case we need them?

Mr. SMITH of Connecticut. We have no such legislation today, except section 120.

Mr. STEFAN. This is necessary to carry that out?

Mr. SMITH of Connecticut. This is necessary to implement section 6 of the Defense Act, which allows us to prohibit the export of these things we need.

Mr. STEFAN. In connection with the matter of disposition which the gentleman from California asked about, may I ask this question?

[Here the gavel fell.]

Mr. MAY. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. STEFAN. One of the most important bottlenecks we are concerned with is machine tools. We are short. I wonder if the gentleman's committee has given thought to legislation which will be absolutely necessary sometime in the near future in connection with disposition, in that after we accumulate the necessary amount of machine tools, the possession and ownership of those will remain in the United States?

In other words, we would not be confronted with the particular bottleneck in tools we are confronted with now had possession of those tools remained in the Government of the United States following the last war. I wonder if the gentleman's committee has given some attention to that question.

Mr. SMITH of Connecticut. I call the attention of the gentleman to the fact that in the Educational Orders Act, for instance, we provide that the ownership of the machine tools used under the contracts under that act remains in the Government. In the case of tools which the Federal Government purchases, those remain in the ownership of the Federal Government. They may be loaned but are not normally sold unless they become obsolete. But in the case of contracts let for finished products, the machine tools which are built are a part of the manufacturer's overhead. In the normal course of the peacetime program we do not attempt to buy the machine tools for all the Army production because machine tools which can be used for other purposes can frequently be used also for Army production, and it is much cheaper to obtain our articles by competitive bidding from private manufacturers.

Mr. STEFAN. I understand, and I compliment the members of the gentleman's committee for being so far-sighted as to have legislation to protect us against the bottleneck with which we are confronted today. We would not have that had that legislation been in effect previously.

Mr. SMITH of Connecticut. I thank the gentleman. [Applause.]

[Here the gavel fell.]

Mr. ARENDS. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. HINSHAW].

Mr. HINSHAW. Mr. Chairman, I am in hearty agreement with the subject matter of this bill. I assume it follows the act we passed a while ago, section 6 of which provided that the President could embargo these materials. I assume from section 1 of this bill that the words "materials or supplies" will include scrap iron and gasoline that may be on the docks on the west coast available for shipment to the Orient, as well as machine tools that may come from the district of the gentleman from Connecticut [Mr. SMITH] for shipment to the other side of the world.

This whole situation is a very difficult one. Nobody knows from one day to the next what nation is going to be topside and what nation is going to be downside. I should like to read an excerpt from a letter written to his wife by Mr. Preston Grover, who is in Germany, a distinguished correspondent of the Associated Press. I believe this letter may be very interesting and pertinent to this subject. I ask unanimous consent, Mr. Chairman, that I may read this letter at this time.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HINSHAW. The letter is as follows:

JUNE 30, 1940.

I rather think there will be plenty of war in Europe before any real peace is written. There are rumors here that England and Germany may end the difficulties before they really pitch into the fight. The odds are against such a thing. England never likes to make treaties unless she is the winner, which is very laudable, of course. She isn't winning this war to date. The Germans are confident as everything that they will make a landing in England and occupy the country as speedily as they conquered France. It is to the advantage of the Germans to strike early, as every day that passes brings more trains of Canadian, Australian, and New Zealand flyers to England, as well as more fighting planes from the United States. Moreover, the foggy season begins in about 2 months.

Which, from that date, would mean September 1.

I don't think the German Government especially wants to destroy England—at least just now. Moreover, England would not like to see Germany destroyed. I suspect the real enemy of Germany is Russia. It is a queer sort of business. All Europe looks upon Germany as the nation which must keep Russia out of Europe. It was very comfortable for the rest of Europe to have Germany strong enough to hold back Russia. The only thing the rest of Europe worried about was to make certain that Germany did not get so strong that she could not only lick Russia but the rest of Europe as well. Now she is demonstrating that she is just about strong enough to do exactly that.

The strange part of it is that Germany and Russia could get along splendidly together if they only trusted one another. Russia has a vast treasure of raw materials which she isn't able to use, and because her population is not a very great sort. Germany, on the other hand, has one of the most industrious and intelligent populations in the world, but is limited in raw materials. Germany could buy Russia's raw materials and return manufactured goods, and in a very few years be as rich as the United States.

It is possible that in years to come we will find that the present war started just because England and France were fearful that Germany was going to get these resources, not simply by trading, however, but by acquiring the Ukraine section of Russia, which is as rich as our own Ohio River Valley. With that part of Russia in her hands, Germany could crowd England and France out of the picture so far as world trade is concerned.

People I know here are convinced that Stalin knew this was the situation, and knew England and France would fight to keep Germany out of the Ukraine. His hope was that both sides would fight until they were so weakened that he could be the big show in Europe. Germany cleaned out France so fast and at such little cost to herself that Stalin's hopes are all now in the dust. Probably his turn will come next, within a year or so after England is disposed of either by defeat or a crippling treaty.

I understand from certain sources that there is a concentration of American news forces toward the eastern front; in other words, these newsmen have asked for visas not for the war against England but a war against Russia, and they anticipate that before very long the whole situation will change. Consequently, certain news agencies are concentrating their men on the eastern flank of Europe instead of on the west. I believe that anyone who has examined the pan-German ideas which have persisted since 1894 will recognize that it is their ambition and desire to have the Ukraine, the Bosphorus countries, and the well-known old road from Berlin to Baghdad. I believe that is their ultimate desire. [Applause.]

[Here the gavel fell.]

Mr. MAY. Mr. Chairman, I have no further requests for time, and if there are no further requests for time on the other side of the House, I ask that the bill be read for amendment.

The Clerk read as follows:

Be it enacted, etc., That whenever the President determines that it is necessary in the interest of national defense to requisition and take over for the use or operation by the United States or in its interest any military equipment or munitions, or component parts thereof, or machinery, tools, or materials or supplies necessary for the manufacture, servicing, or operation thereof, request for the exportation of which has been denied in accordance with the provisions of section 6 of the act approved July 2, 1940 (Public, No. 703, 76th Cong.), he is hereby authorized and empowered to requisition and take over for the said use or operation by the United States, or in its interest, any of the foregoing articles or materials.

With the following committee amendment:

Page 1, line 9, strike out "request for."

The committee amendment was agreed to.

The Clerk read as follows:

Sec. 2. Whenever the President shall requisition and take over any article or material pursuant to the provisions of this act, the owner thereof shall be paid as compensation therefor such sum as the President shall determine to be fair and just. If any such owner is unwilling to accept, as full and complete compensation for such article or material, the sum so determined by the President, he shall be paid 50 percent of the sum so determined by the President and shall be entitled to sue the United States for such additional sum as, when added to the sum already received by him, he may consider fair and just compensation for such article or material, in the manner provided by sections 41 (20) and 250, title 28, of the Code of Laws of the United States of America.

With the following committee amendments:

Page 2, line 13, strike out "he" and insert "such owner."

Page 2, line 17, strike out "him" and insert "such owner", and strike out "he" and insert "such owner."

Page 2, line 20, after "America", insert a colon and the following proviso: "Provided, That recovery shall be confined to the fair market value of such article or material, without any allowance for prospective profits, punitive or other damages."

The committee amendments were agreed to.

Mr. SCHAFER of Wisconsin. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SCHAFER of Wisconsin: On page 2, line 23, after the period insert "Provided further, That no payment shall be made to any foreign government or any political subdivision thereof while such government or political subdivision is in default in their obligations to the almost bankrupt Treasury of the United States. The Government of the United States shall give any such debt-defaulting foreign government a receipt in partial payment of their defaulted obligations to the Treasury of the United States."

Mr. MAY. Mr. Chairman, I make the point of order against the amendment that it is not germane to the bill.

Mr. SCHAFER of Wisconsin. Mr. Chairman, I would like to be heard on the point of order after the gentleman points out why the amendment is not germane.

The CHAIRMAN. The Chair will be glad to hear the gentleman from Wisconsin.

Mr. SCHAFER of Wisconsin. Certainly I expected, Mr. Chairman, when the gentleman made his point of order, that he would point out the reason why he holds the amendment is not in order. This bill provides that the Government of the United States shall take over equipment and material owned by foreign governments, foreign individuals, and foreign corporations, and provides for appropriations from the Federal Treasury to make payment for such equipment, and so forth. This amendment is a limitation, and a clear limitation, in the interest of conserving the funds of the taxpayers of the United States and protecting our Federal Treasury, which is now almost bankrupt. It is in the interest of national defense, and the purpose of this bill is to provide for the national defense. We all know that a sound Treasury and an unbankrupt Treasury is most essential to our national defense, and I submit that the amendment clearly is germane and in order under the rules of the House.

The CHAIRMAN. Does the gentleman from Kentucky wish to be heard on the point of order?

Mr. MAY. Mr. Chairman, I only want to call the attention of the Chair to the fact that the amendment would seek to deal with existing debts, whereas the bill provides for the licensing of shipments of material and it is for that reason the amendment is not in order.

Mr. SCHAFER of Wisconsin. This bill provides, Mr. Chairman, for payment and my amendment provides for payment of these obligations to debt-defaulting foreign nations by giving a receipt in part so that whether the payment is in cash or whether the payment is by the method provided in my amendment, the payment required by the bill will be made in full and according to good sound general business practice.

The CHAIRMAN. The proposed amendment states, "Provided, That no payment shall be made to any foreign government," and so forth. I think the provisions of the amendment are entirely too broad and beyond the scope entirely of this bill, because it says that no payment shall be made to any government, which would cover the entire field of

governmental debts, and therefore the Chair sustains the point of order against the amendment in its present form.

Mr. SCHAFER of Wisconsin. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the real danger to the Government of the United States lies within, as President Lincoln repeatedly stated. I believe that a real danger is the rapidly mounting, stupendous national debt and the New Deal maladministration. After our New Deal spendthrifts have forced Uncle Sam into bankruptcy, we will then have inflation and I am fearful that our democracy might be destroyed from within as a result of the devastating suffering and chaos which goes hand in hand with national bankruptcy and inflation. Inflation is second only to a major war of invasion with reference to suffering, misery, distress, despair, and chaos.

Does it not seem rather remarkable when foreign debt-defaulting countries who now owe our almost bankrupt Federal Treasury more than thirteen and a half billion dollars of honest obligations, and refuse to pay a penny of the interest and principal that today on the floor of the House we are told that this bill is to permit the taking over of several hundred thousand dollars' worth of machinery now owned by the anti-God and anti-Christ, bloody, red, Communist butchers in Moscow, who now owe our almost bankrupt Federal Treasury almost \$1,000,000,000, that the American taxpayers should be called upon to pay these bloody, red, Soviet Communist butchers in Moscow \$200,000 from the almost bankrupt Treasury of the United States.

Mr. Chairman, this amendment was offered in the interest of national defense and I sincerely hope that the people will realize that another real danger to America is from within, from fellows like multimillionaire New Deal warmonger Ambassador Bullitt, warmonger No. 2. I will now move William Allen White down from position No. 2, because he is now warmonger No. 3 since Bullitt transferred his warmongering operations from Europe to the United States.

Warmongers like Bullitt, who has been running around Europe sticking his nose into the business of foreign nations, meddling in their affairs and fomenting their wars, are real dangers to the peace and security of our Republic. Another real danger is our New Deal would-be dictator "Fuehrer" Roosevelt and his Karl Marx disciples, who have been spending and spending borrowed public money which as to principal and interest will have to be paid in tax dollars produced in the sweat and toil of two or three generations yet unborn.

I sincerely hope that the gentleman who is in charge of this bill who has repeatedly stated that he is interested in national defense, will reconsider his position on my amendment and in the interest of our national defense help us keep this \$200,000 at home and not hand it to the ungodly and unchristian Communist butchers in Moscow who are now in default in their obligations of about \$1,000,000,000 which they owe to our almost bankrupt Federal Treasury. [Applause.]

[Here the gavel fell.]

The Clerk read as follows:

Sec. 3. The authority granted in this act shall terminate June 30, 1942, unless the Congress shall otherwise provide.

The CHAIRMAN. Under the rule, the Committee will rise.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. WILLIAMS of Missouri, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill H. R. 10339, and, pursuant to House Resolution 574, he reported the bill back with sundry amendments adopted in the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered. Is a separate vote demanded on any amendment? If not, the Chair will put them en gros. The question is on agreeing to the amendments.

The amendments were agreed to.

The SPEAKER. The question now is on the engrossment and third reading of the amended bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

LEAVE TO ADDRESS THE HOUSE

Mr. HINSHAW. Mr. Speaker, will the gentleman from Oregon [Mr. PIERCE], who has a special order now, yield to me for a unanimous-consent request?

Mr. PIERCE. Certainly.

Mr. HINSHAW. Mr. Speaker, I ask unanimous consent that on the completion of the special orders today I be permitted to address the House for 10 minutes.

The SPEAKER. Is there objection?

There was no objection.

EXTENSION OF REMARKS

Mr. GEYER of California. Mr. Speaker, will the gentleman yield?

Mr. PIERCE. Yes.

Mr. GEYER of California. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include a letter.

The SPEAKER. Is there objection?

There was no objection.

Mr. SCHIFFLER. Mr. Speaker, if the gentleman will yield, I ask unanimous consent to extend my remarks in the RECORD and to include an editorial.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. Under special order of the House heretofore made, the gentleman from Oregon [Mr. PIERCE] is recognized for 15 minutes.

REGULATION OF UTILITIES

Mr. PIERCE. Mr. Speaker, what has State utility regulation done for, or rather done to, the American consuming and investing public? This question can be answered by telling a few salient facts. Regulation—mostly State—has allowed the private electric plants to operate with an average fictitious book value of \$523 for every consumer served, and has permitted stock and bonds to be issued amounting to \$511.70 per consumer. By contrast, all of the publicly owned plants in the United States, serving nearly 3,000,000 consumers, have an actual average cost figure of only \$264 per consumer, with securities outstanding amounting to \$93.80 per consumer, to which low point they have amortized their securities.

I would like to have the defenders of the private power companies and of State regulation tell the American people how it is possible to protect securities outstanding in the amount of \$511.70 per consumer, or at least double what they should be, with reasonable rates that can service legitimate securities of only \$200 to \$300 per consumer, or even less.

The regulators, who have been the easy and willing victims of the overlord manipulators of the private power companies, have a great responsibility to our people. Their actions will result in ultimate security losses of over 50 cents on every dollar invested and the maintenance of higher rate levels. Progress will eliminate the overlords, the manipulators, and the regulators unless regulation, as well as private utility operations, are completely revamped. Two years ago on this floor I pointed out the possible electric costs with Diesel package electric units. The competition from such package units will lower rate levels to those adopted by the higher-class public hydro properties like Bonneville, T. V. A., Tacoma, Ontario, and Eugene. The cry of the private power company overlords against these hydros will be just as effective under the coming economic pressure as is the bayonet against the tank.

The great racket which led up to the issuance of nearly \$512 of securities for every consumer served by private utilities had its start in the time of the previous World War. While the public mind was focused on national security, the racketeers built the foundations of the structure which has collapsed, or will collapse, from its own weight unless remedial measures are adopted. Public attention is now focused on another war emergency. In spite of the urgent need to protect our institutions from without, we also need to protect our institutions from within. One of these internal enemies is the private utility manipulator.

On July 12, 1939, I explained in a speech on this floor how manipulation had its beginning in the period of the last war under the blanketing cover of a national emergency. A repetition must be avoided, but signs are already most disturbing. That warning is the purpose of my remarks today, as well as to offer some constructive thoughts on the problems of regulation and the results of public operation of utilities. Already the private utility holding companies have, in the name of defense, demanded of the Securities Exchange Commission cessation of enforcement of regulations under laws passed by the Congress for the protection of investors and operating companies.

OREGON BANKRUPTCY A FORCIBLE ILLUSTRATION

The failure of State regulation has recently been brought most emphatically to my attention in connection with the disclosures made by trustees in bankruptcy of the Portland Electric Power Co. I will discuss this matter more fully later, but I wish to emphasize the urgency of immediate consideration of State regulation by pointing to the example of the State of Oregon in relation to that company. In a series of transactions officials of the company dissipated over \$20,000,000 of the property belonging to the security owners. This is more than one-third of the total legitimate investment. This disclosure plainly shows that a public operation cannot be safely entrusted to a private company, which must secure profits and which, through extortionate rates, accumulates money in such quantity that it gains political domination of a State.

THE PROFIT MOTIVE VS. PUBLIC WELFARE

It is my theme that the profit motive should not be the dominating factor in the operation of utilities which are necessities of life for communities and individuals, for example, those utilities which require the use of public property, like streets, operate under valuable public franchises and are almost of necessity monopolistic, not admitting of competition within a locality, notably companies furnishing light and power. The issue is, primarily, Shall the people continue under the yoke of such "regulation" or shall they exercise home rule and become owners of property essential to their welfare? This must apply to all those activities charged with the public interest, the successful operation of which does not admit of competition.

THE CRUX OF THE UTILITY PROBLEM

Experience shows that the ordained natural and economic orders are analogous. Any stable structure is composed of equal-legged triangles, like the long-familiar three-legged milking stool. In industry the consuming public is represented by one leg, the investing public by another, and the employees by a third. If one leg is lengthened at the expense of either or both of the other legs, the structure will not stand up.

Under the old system of regulation private management altered these legs to suit their own selfish purposes, and the State regulators concurred. The instability of the electric industry, which developed in the early thirties, resulted from lengthening the leg representing the investing public at the expense of the consumer and employee.

If the leg representing the investing public is no longer than the leg representing the consumer or the employee, the public interest is protected either by regulation or public ownership or a combination of both. The big question is whether private management can or will conform to this natural order.

The municipal plants in the United States have invested, on the average, only \$264 per consumer in their physical plants, as I will hereafter show in detail. They have paid for this construction from securities issued and from current earnings, and have amortized as they went along. As a result of this wise financial policy public plants today have outstanding obligations amounting to only 35½ percent of their plant cost. The outstanding obligations of the public plants are \$93.80 per consumer compared with \$511.70 for the private plants. The public plants must be the pathfinders and yardsticks, and regulation should competitively meet the overall standards so successfully set by these public plants, or regulation must give way to complete public ownership. The public plants have applied this wise debt-reducing policy while

contributing to government in the form of taxes or contributions even more than the private plants pay. The crux of the problem, as I have stated on numerous occasions, is sound financing, low-cost operation, amortization, and the elimination of politics and corruption from operation.

RECENT REVELATIONS OF PRIVATE UTILITY MANIPULATION

In the period from 1929 to 1933 the country was shocked by the disclosures of holding company and banking manipulations. We thought that we were past such an epoch. Evidently the wish was the father of the thought, as today we see indications of a recurring wave of further disclosures. The recent press notices covering the indictments of the Associated Gas & Electric officials, the first report of the independent trustees in bankruptcy of the Portland (Oreg.) Electric Power Co., and the developments at St. Louis, connected with reported corrupt practices of the Union Electric Co., carry with them implications of revelations that may exceed those growing out of the scandalous Insull and Foshay manipulations. I have stressed such possibilities for the past 4 years. The recurrence of such developments suggests the question, Can utility regulation ever be reconstructed so as to protect the public interest? It would appear that a resurvey of the results of regulation is necessary, based on facts rather than on prejudices.

Unnecessary controversial elements have been injected into this utility problem by the vested interests to make it appear that any suggested departure from old practices, however bad, has as its objective Government ownership of all business. I want to eliminate this confusion from the discussion and to state that the scientific approach includes only those utilities which are "effected with a public interest." Any regulatory reconstruction must be accomplished within the limits of the Constitution. It could not be accomplished otherwise under our form of government. Therefore, at the outset, it must be understood that this resurvey does not include the over-all productive field, but is strictly limited to electric utilities, whose applicable status has been determined by law, as of public necessity. Confusing the issue with such unrelated ideas as general public ownership or Government interference in business only perpetuates past errors. It is an accepted fact by both schools of thought that public-service corporations cannot be left entirely to private management. There must be either effective public control—which has never yet been accomplished—or some form of public ownership, at least for comparative or yardstick purposes.

PUBLIC FUNCTIONS

From the dawn of civilization water has been regarded as a necessity of life. The Egyptians early found that the only insurance against famine was the cooperative use of water. Therefore civilization received its start from the lessons growing out of this cooperative effort. In the early Roman civilization we find government constructing and operating water sources, transmission, and distribution. In the United States municipal water supply was started as a public function and has largely so continued. Western irrigation was started originally by prehistoric man and the early Spanish settlers, but it did not become an institution until the Mormons came West 90 years ago and built up a new type of western civilization, with its economic base founded upon irrigation agriculture. The first group of Mormon pathfinders, reaching the Salt Lake Valley in 1847, started their initial canal as a community enterprise. The community or cooperative canal became the fundamental source of water supply to the towns, villages, and rural districts of the Utah territory. This start resulted from a public necessity.

A scholar who recently examined the records of the Mormon pioneers dwelt upon the remarkable foresight of their leader. I quote:

Though ill and shaking with mountain fever, the president of the apostles stood up in his wagon and addressed his followers on the principles of the community they were to establish. "No man can buy land here, for no one has any land to sell. But every man shall have his land measured out to him, which he must cultivate in order to keep it. Besides, there shall be no private ownership of the streams that come out of the canyons nor of the timber that grows on the hills. These belong to the people—all the people."

Western private or commercial irrigation was attempted from about 1880 until the passage by Congress of the Carey Act in 1894. Such commercial irrigation projects were generally failures. It did not take long for the irrigators to learn that a public cooperative irrigation district could be operated more economically than a commercial enterprise. The promoters' perpetual profit motive resulted in water-rate charges in excess of what the land could bear. Public irrigation projects, if wisely initiated, honestly located, and given the use of their own power facilities, could have amortized their costs, whereas commercial irrigation enterprises pyramided charges until private irrigation enterprise speculation became the vogue. It reached such proportions that it was commonly stated in the early nineties that what the West needed was "fumigation rather than irrigation." After this sad experience the leaders of the West realized that if the sunburned lands were to become population producers and supporters some other method than private capital and control must be used. The urge for larger and denser population resulted in the task being assigned to the Federal Government under the Reclamation Act of 1902 on a self-supporting, self-liquidating basis.

Indeed, one cannot recite the history of government irrigation enterprises without stressing the fact that private electric utility greed, coupled with its corrupt political manipulation through government collusion in the past, secured control and ownership of the most valuable assets of many irrigation enterprises which would now be entirely free of debt if their water powers had not been stolen.

The narrative of such cooperative history could be extended, but it is sufficient to state that out of centuries of experience has grown a demonstrated principle. This principle, an essential public function, cannot safely be entrusted to a private profit-seeking agency. Conflicts between public and private interests are so deeply rooted that public interests in private hands are subordinated to the profit motive and to exploitation. The same chain of circumstances can be shown in the case of schools, libraries, parks, postal service, fire protection, bridges, and roads. The cry of "socialism" raised against such public undertakings is an invention of vested interests, bent on exploiting a public function for private profit. If this problem is approached in a scientific way, and strictly on its merits, the socialism brand loses its significance and does not appeal to intelligent people.

ELECTRIC DEVELOPMENT

Electrical development has been different, historically, from that of water. The distribution of electricity is a modern accomplishment. It was initiated long after our cities were firmly established and gas had been accepted as the urban illuminating agent. Electric distribution started in competition with gas and not as a public necessity. Therefore initially the development fell into private hands, although the early constructors had to build their projects on lands belonging to the people. The location of its structures, the early grant of rights of eminent domain, and the revenue and safety responsibilities, according to common law, placed this new industry in the quasi-public class. However, the development has been so rapid that it has now become a definite public necessity. With this development, the electrical industry moved from a competitive field into a highly monopolistic position, especially in residential, rural, and commercial service. Society has become so dependent on electricity that its public status has progressed even beyond that of water. Water-supply systems, as well as most of our vehicles of commerce, have become dependent on electric service. Future developments will increase its public functions. Electricity is now an essential part of our economic and social life. Public necessity, therefore, demands the removal of monopolistic barriers.

PUBLIC CONTROL

From its inception public control over private electrical operation was deemed necessary, even though it then operated in a competitive field. Regulation and control over that restricted class of business "effected with a public interest" has

been recognized in common law for several centuries. However, it was not until 1876 that this regulatory authority was made a part of our constitutional law. Regulation started under a handicap because of the existence of two sovereignties—Federal and State—and has been further complicated by State transfer of authority to municipalities, either by legislation or by special charters. This triple source of authority has led to untold confusion, especially through the tendency of the private operators to elect the jurisdiction best suited to their particular purposes. Through legal legerdemain a "no man's land" was purposely created as a refuge during the transition from the competitive to the monopolistic era. Running parallel with the growth of the regulatory concept came the evolution of our corporation laws. Prior to about 1888 business corporations were limited in size, power, field of operations, and operating mechanism. With the rise of industry, smaller States began to traffic in corporation charters. The lure of revenue and pay rolls resulted in the removal of safeguards and the lowering of standards. Corporate restrictions imposed by common law were removed by statute. Foreign charters were made possible in order to avoid local control. Quoting Justice Brandeis in his dissenting opinion in *Liggett against Lee*, "The race was one, not of diligence, but of laxity."

In addition, there is a further regulatory complexity growing out of the restraint on regulation from the constitutional prohibition against confiscation and impairment of rights. This constitutional prohibition has not to date been susceptible of a standard measurement. Each specific rule was subject to interpretation in the light of surrounding circumstances. Furthermore, the difference between regulation and management has never been legally nor administratively determined. Such a situation resulted in a multitude of diverse judicial decisions. It is this complexity, together with human failing, that made possible abuses and evils in the utility field. Our experience so far has indicated clearly that if we do not accomplish the apparently impossible task of improving and reconstructing regulation, widespread public ownership of electric utilities must follow. The four principal resulting evils of the system have been the practical failure of public regulation, the lowering of standards of corporate organizations, absentee control through the holding-company device, and political manipulations by private utilities.

RECENT OREGON DISCLOSURES

For 10 years the Oregon investing public has been aware of the financial misdeeds of the principal power company of our State, but it was only this year that the inner details of these manipulations have been made public. A year ago the Portland Electric Power Co. petitioned the United States district court at Portland for reorganization under the Federal Bankruptcy Act of 1938. Independent trustees were appointed by the court, and, pursuant to directions, these trustees have rendered their first report, which is an illuminating document of 22 large, printed pages. The financial misconduct and irregularities disclosed by this report should convince the proponents of State public-utility regulation that fundamental changes are necessary.

The financial and corporate distortions disclosed by this report are complex because of shifting corporate identity. To clarify the complicated details covering the dissipation of \$21,400,000, I have made an analysis of this trustees' report, and for the benefit of investors and students I will in a later speech translate it into an over-all picture on a one-company basis. By changes in corporate names, the organization of subcompanies, the removal of stock limitations, the use of no-par-value stock, intercompany transactions, and fraudulent book entries the management of this chain increased the par value of the outstanding debt by \$27,619,600, and in addition expanded the amount of common stock by \$1,136,000. Out of this total of \$28,755,600 of securities sold, which represents more than a third of the legitimate value of the plant, only \$7,300,000 was made available to the company for useful and legitimate plant additions. About \$21,400,000 of security

owners' money was dissipated. It is clear that the State needed a better public-utility law and better administration in the public interest.

State regulation failed miserably in this case. Every step in this story suggests serious deficiencies and indicates where further practical safeguarding checks should be applied. The American Bar Association in 1933 rendered a report on the Regulation of Holding Companies and Relations Between Such Companies and the Affiliated Operating Companies. The applicable points covered in the report should be uniformly incorporated into both State and Federal statutes. One of the evils to be corrected is the erection of corporate superstructures by unscrupulous interests with the intent to evade direct regulation. If our capitalistic system is to survive, these superstructures must be dissolved. This has been attempted in a degree by the Federal Holding Company Act, administered by the Securities and Exchange Commission. It is evident that this act does not go far enough; neither has the practical application progressed as far as it should have gone since its enactment.

THE MEASURE OF TRUE ELECTRIC INVESTMENT

The American public has long sought a gage as to the real value of electric utilities. Within the limits I will set out, this gage is best furnished by comparison of the plant investments and outstanding securities per customer.

The private companies include in their consolidated balance sheets varying amounts of electric, gas, water, transportation values, and unclassified items. Therefore the earlier private accounts are subject to errors inherent in the lack of segregation between the different values representing electricity, gas, water, and transportation facilities. It is impossible to strike an average from unlike items.

The classification of accounts prescribed by the Federal Power Commission requires a break-down of values and also a separation between electric generation, transmission, and distribution costs. The private utility companies of the United States have not as yet entirely completed this segregation, but the latest compilation of the Power Commission, issued May 6, 1940, shows only 19.1 percent of the total plant accounts still unclassified. Distributing these unclassified items in proportion to the total electric and gas property accounts, I derive a reasonably close measure of the over-all national consolidated financial condition of the private utilities. This I present in table I, based on the consolidated balance sheets of all class A and B electric utilities recently prepared and issued by the Federal Power Commission. To aid in an understanding of this table I have calculated these values on a customer basis.

TABLE I.—Private electric utility finances

Privately owned class A and B electric utilities in the United States composite balance sheet. Details as of Jan. 1, 1939. Based on Federal Power Commission release of May 6, 1940, with unclassified items distributed proportionately to the reported plant investment.

Item	Total amount	Amount per customer
Number of customers included.....	24,128,512	
Total book value of plant.....	\$12,607,030,000	\$523.00
Common stock outstanding.....	3,858,600,000	160.20
Preferred stock and premiums.....	1,988,550,000	82.50
Bonds and other debts.....	6,467,325,000	269.00
Depreciation reserve.....	1,462,840,000	60.60
Earned surplus.....	707,500,000	29.40

This table represents the salient statistics on 98.5 percent of the electric consumers served by all the private electric companies in the United States. The private companies carry on their books an investment of \$523 per customer and have securities outstanding amounting to \$511.70 per customer.

For purposes of comparison, I am submitting similar figures on publicly owned electric plants serving 2,657,263 consumers, based on compilations by the United States Bureau of the Census for the year 1937.

TABLE II.—Publicly owned electric utility finances

Municipal electric-light plants in the United States. Composite balance-sheet details as of Jan. 1, 1938. From U. S. Census of Electrical Industries]

Item	Total amount	Amount per customer
Number of customers included.....	2,657,268	
Total book value of plant.....	\$701,670,800	\$264.00
Equity of municipalities.....	250,996,700	94.50
Long-term debt outstanding.....	249,019,600	93.80
Depreciation reserve.....	132,713,500	49.80
Surplus.....	232,036,700	87.50

The customer cost furnishes a reasonably close and accurate measuring stick when applied to a number of properties. The cost differences due to population densities, climatic conditions, type of generating plant, and amount of transmission balance each other in the average. For a large system this average is approximately correct when the type of plant—steam, hydro, Diesel, and so forth—is considered. It is also very definitely a proper measure of inflated values when applied on a country-wide or a large-system basis operating under a variety of conditions.

STATISTICS OF ELECTRIC INDUSTRY

In table III, I present some salient statistics of the entire electric industry—public and private—for 1939, based on information compiled by Federal agencies and published by the Edison Electric Institute in March 1940. The purpose of these statistics is to enable us to draw conclusions from tables I and II.

TABLE III.—Over-all statistics of electric industry

[Salient statistics entire United States electrical industry (public and private) for calendar year 1939]

Number of customers.....	29,104,185
Installed plant capacity reported:	
Steam turbines and engines.....kilowatts.....	26,741,128
Hydro turbines.....do.....	9,822,881
Internal-combustion engines.....do.....	812,755
Total reported installed capacity.....do.....	37,376,764
Obsolete capacity hydro.....percent of total.....	9.2
Obsolete capacity steam.....do.....	11.6
Obsolete capacity composite steam and hydro.....percent of total.....	10.9
Effective installed capacity.....kilowatts.....	33,302,697
Reported capacity per customer.....do.....	1.28
Effective capacity per customer.....do.....	1.14
Installed capacity steam.....percent.....	71.7
Installed capacity hydro.....do.....	26.3
Installed capacity Diesel.....do.....	2.0
Kilowatt-hours generated.....	122,463,061,000
Average capacity use.....percent.....	37.4

¹ Calculated from information given in Federal Power Commission National Power Survey, 1935.

INVESTMENT PER CUSTOMER

The legitimate investments in an electric property per customer will vary with the peak load handled, the size of the generating plant, the reserve generating capacity, the amount of transmission and distribution lines, population density, and climatic and topographical conditions. I will briefly discuss each case. In table III I have shown that the average reported installed capacity per customer in the entire United States is 1.28 kilowatts. This reported figure includes at least 10.9 percent of capacity which is obsolete, and should be retired or written off. Therefore, the net effective installed capacity is 1.14 kilowatts per customer. This 1.14 kilowatts under reasonable reserve conditions will take care of a peak of about 1 kilowatt per customer. When measuring the reasonable customer cost of any individual property, the peak per customer should be obtained, and the cost proportioned accordingly. For the country as a whole, or a large steam or hydro system, the peak differences cancel out, and the average figure is an accurate index. In this analysis the cost per customer is based on the national average installation of 1.14 to 1.28 kilowatts per customer.

The usual types of generating plants are steam, Diesel, run-of-the-river hydros, and storage hydros. Steam and

Diesel plants run about the same cost and are, except under extraordinary conditions, cheaper than the run-of-the-river or storage hydros. The larger plant is some 25 percent lower in unit cost than the smaller plants. Run-of-the-river hydros cost on the average \$50 per customer more than steam or Diesel plants, and storage plants on the average cost about \$75 per customer more than run-of-the-river hydros. In table IV, I have summarized the average value of complete electric plant per customer, including the three components, namely the generating station, transmission and distribution systems.

These costs are plant construction costs, and must not be confused with the over-all cost of delivered energy. In spite of higher first plant cost compared with a steam plant, the delivered costs of the cited hydros are, on the average, less than those of steam due to the absence of fuel and certain other operating costs.

TABLE IV.—Average investment cost per customer

[True value of electric plant per customer. Based on an installed capacity of 1.14 to 1.28 kilowatts per customer including generating, transmission, and distribution facilities]

Average of municipal plants in United States.....	\$264
Average all steam or Diesel plants.....	275
Composite of private plants in United States.....	295
Composite run-of-river hydro systems.....	325-350
Composite storage hydro systems.....	350-400

¹ The private plants in United States have more hydro capacity than the municipal plants. Calculation of this difference gives the value above noted.

NOTES.—For installed capacities in excess of 1.28 kilowatts per customer, costs must be proportioned directly with the capacity per customer.

Transmission alone costs \$50 to \$100 per customer.

Distribution systems cost \$50 to \$125 per customer.

When any complete plant value for the country as a whole or for a large system exceeds the values given in table IV, the difference is inflation. The values I have set out are conservative. To show this, I need only to point out the customer cost of some of the outstanding municipal plants. This information given in table V is proportioned to a capacity of 1.28 kilowatts per customer:

TABLE V.—Investment cost per customer

[Selected municipal plants]

Plant and type:	
Kansas City, Kans.: Steam.....	\$188
Springfield, Ill.: Steam.....	210
Fort Wayne, Ind.: Steam.....	165
Tacoma, Wash.: Storage hydro.....	212

BOOK VALUE PER CUSTOMER OF PRIVATE SYSTEMS

The average customer book value of the 12 highest-cost private systems in the United States is given in table VI:

TABLE VI.—Selected investment cost per customer

[Selected private plants]

Average of United States.....	\$523
System:	
American Power & Light Co.....	887
Commonwealth & Southern.....	816
Electric Power & Light Corporation.....	796
Niagara Hudson Corporation.....	783
Southern California Edison, Ltd.....	728
Associated Gas & Electric System.....	687
National Power & Light Co.....	653
Pacific Gas & Electric Co.....	634
Stone & Webster, Inc.....	625
New England Power Association.....	614
Standard Power & Light Co.....	609
American Gas & Electric Co.....	608

NOTE.—Last 12 values from Bauer and Gold, Electric Power Industry, 1939, page 160.

These private-customer figures, except the United States average figure, do not reflect plant-installed capacity, but when this is included it will be found that, on the average, these large private systems have inflated values of at least \$250 or more per customer, almost as much water as real value. Should a defender of such a system be entrusted with the public welfare?

DEBT PAYMENTS

As I have shown in the previous tables, the municipal plants in the United States have reduced their outstanding debts to an average of only \$93.80 per customer. These publicly

owned plants, serving nearly 3,000,000 customers, have paid off 64.5 percent of their plant costs. Outstanding plants like Fort Wayne, Ind., have paid off their entire cost, from earnings. As the securities are reduced serially, or extensions constructed out of earnings, the fixed charges, which comprise about 50 percent of the over-all operating cost, decrease year by year. Under the serial plan of public plants the total accumulated fixed charges are cut in half when compared with private-plant practices. This allows progressive rate reductions, which in turn increase consumption, earnings, and benefits to the people served. Regardless of the economic benefit of amortization, debt payment is the only honest way of conducting any business. The debt pyramiding practices of the private companies is a dishonest method of financing, both from the standpoint of the consumer and of the investor. Pyramiding will ultimately lead to repudiation of debt. There is nothing new in this amortization principle. At the time of our Revolution, in 1776, Adam Smith wrote the first published book on economics. In it he pointed out how debt amortization was the honest method and pyramiding the dishonest method of conducting business. The accumulation of interest charges eats up capital investment.

RATE AND DEBT REDUCTIONS

The public utility commissioner of Oregon recently published a statement that the electric-rate reductions in Oregon within the past year total \$1,400,000. Before we accept the implications that such a statement carries we should examine it closely. First, it must be realized that the reductions given grew out of pressure resulting from movements for public distribution of Bonneville power through public-utility districts, municipal ownership, and rural-electrification projects. Secondly, it must be realized that the initial reductions were in the residential classifications, where the votes were numerous. Commercial reductions were deferred on the flimsy excuse that it was necessary to make a survey of the connected load. Such an excuse was pure fiction. In the CONGRESSIONAL RECORD of April 6, 1939, Representative RANKIN, of Mississippi, demonstrated that the 277,573 electric consumers in Oregon, using over a billion kilowatt-hours a year, were overcharged annually \$8,674,600, based on Tacoma rates. The reductions cited by the Oregon commissioner are only one-sixth of this overcharge. They appear to be political subterfuges rather than sound rate reductions.

Rate reductions to be valid must be based on reduction in plant or operating charges and increased gross revenue. Have the operating and property charges of these Oregon companies been reduced? There is no evidence that they have been. Let us look into the principal Oregon companies for book-account value per consumer. To carry this idea forward I am giving, in table VII, the control balance-sheet figures furnished by the Federal Power Commission for 1938, and customer value calculated therefrom. These cited figures apply only to the private operating companies.

TABLE VII.—Oregon private utility debts

[Property account, stock and long-term debt per customer, operating companies only. To these must be added the customer debt of the superimposed holding companies]

Item	Portland G. E.	North- western Electric	Mountain States	East Oregon Light & Power Co.
Plant account.....	\$80,722,776	\$21,099,642	\$22,525,006	\$4,692,082
Outstanding stock.....	15,357,712	8,315,900	5,446,900	1,843,500
Long-term debt.....	51,634,034	11,376,609	7,315,737	1,850,000
Number of consumers.....	129,250	38,343	65,699	8,587
CALCULATED PER CUSTOMER VALUES FROM ABOVE				
Plant account.....	\$469	\$549	\$343.00	\$516
Outstanding stock.....	118	217	82.80	215
Bonds and debt.....	399	297	111.50	216
Holding company.....	(¹)	(²)	(³)	(⁴)

¹Portland Electric Power Co.
²Electric Bond & Share.

³Standard Power & Light.
⁴Columbia Construction Co.

The portfolios of the holding companies above these operating companies are not published, so the per-customer ad-

ditions can be only approximately estimated from their balance sheets. These I estimate as follows:

Per customer

Portland General Electric.....	\$66
Northwestern Electric.....	145
Mountain States.....	100-125

Let us look further. The Northwestern Electric purchases from other companies 60.4 percent of its current; the Mountain States 67 percent; the Eastern Oregon Light and Power 56.5 percent; and the Portland General Electric 8.5 percent. These heavy purchases allow these companies to have relatively light investments in generating stations. In spite of this, the per customer book plant values are so high that they indicate inflation. The demonstrated inflation in the Pepco has been covered. The Oregon public will not be satisfied until the Oregon utility commissioner states publicly the real value per customer, and the inflated value on top of this real value for both the operating company and the superimposed holding companies. When this information is given, the commissioner will need to go further and set out a plan for the removal of the inflated values and a formula for amortization. Rate reductions will never be sound nor all-inclusive until they are accompanied by fair debt reduction. Rate reductions alone are temporary make-shifts and must of necessity be limited, unless the debt charges included in the rates go down with the rates.

Six class A operating companies are included in the Federal Power Commission reports, as covering practically all the private electric service in Oregon. All six are under holding-company ownership and domination. The Oregon public is being deceived on this point, when it accepts statements that these companies are locally owned. It is true that there are local investors in bonds and preferred stock, but the holding companies own the controlling stock. According to Bauer, as I have previously cited, the highest per customer book value of all the private power companies in the United States is that of the subholding company, American Power and Light. This subholding company is owned by the Wall Street Electric Bond & Share, and it, in turn, owns the North Western and the Pacific Power & Light, which operate in Oregon.

Briefly let us see how these high valuations affect rates. The average of all residential bills included in the 1940 Federal Power Commission tables for the eastern Oregon area around Baker and La Grande is two and twenty-one one hundredths times the Eugene public plant rates. The small residential consumer in Eugene using 40 kilowatt-hours per month pays \$1.10, while in Baker or La Grande he would pay three and one-tenth times this figure.

The comparison of all Federal Power Commission bills applying to store owners, and known as the commercial rates for this area, show a ratio of 2.64 to 1 when compared with Eugene rates. The Baker storekeeper using 150 kilowatt-hours per month pays \$9.97, while the Eugene storekeeper pays \$3.33 for the same amount, making a ratio of 3 to 1. This brief comparison is indicative of the rate levels growing out of high valuations and high operating expenses.

POLITICAL CONTROL OF REGULATION

Through the use of rate payers' money, the overlords of the private power companies have influenced regulatory action by political intrigue and control. The private companies have been, and are still, in politics up to their necks. They select candidates for legislatures and Congress, finance campaigns, and it is the utilities, rather than their stooges, always doing the voting. They are even trying to influence congressional enactments. Throughout the Bonneville appropriation hearings and debates this year representatives of the Electric Bond & Share camped in Washington, endeavoring to defeat the construction of Bonneville transmission lines to eastern Oregon and Washington. The lobbying representatives sent to Washington were the presidents of the two operating companies in Oregon and Washington, and they worked in conjunction with professional Washington utility lobbyists. Fortunately, these interests were defeated

on the House floor. I have been advised that substantial sums were spent here in Washington in this effort, and I trust that the Federal Power Commission and the Securities and Exchange Commission will investigate the use of funds by the Electric Bond & Share in their efforts to prevent Bonneville power transmission to eastern Oregon and Washington.

The North American system, controlled by Harrison Williams, is commonly referred to as the "lily white" private power organization. Three years ago on this floor I challenged the validity of this designation and pointed out some of their manipulations in the Washington, D. C., and other systems. It is a source of satisfaction to know that the Securities and Exchange Commission, after the exposure by the St. Louis papers, became active and conducted an investigation of the activities of the Missouri subsidiary of the North American system. The evidence collected in this investigation shows that, over a long period of time, certain officers, attorneys, and employees of this company had disbursed substantial sums in politics for the purpose of influencing the conduct of public officials. These disbursements were not made in the regular course of their business and were not reflected in the company's book accounts. The evidence shows that the company paid such sums to certain attorneys, insurance agencies, material-supply houses, and contractors for designated materials not supplied and services not rendered, and that money kick-backs were made to officials and employees of the company. Part of these funds were also used to employ detective and so-called audit and inspection agencies. When confronted with the evidence, three of these officials committed perjury and were indicted, convicted, and sentenced to prison.

I note that the higher North American officials disclaim knowledge or responsibility for these St. Louis transactions. I wonder if this attitude is not brazen hypocrisy. The North American Co. has recently elected a president of one of its large subsidiaries who was reputedly connected with similar transactions in Illinois. I have reason to feel that such practices are now being continued in wholesale proportions. I can also see such evidences in the national picture. Such practices go far beyond the field of regulation, and if not stopped will sap the virility of government. These manipulators will turn out to be "fifth columnists." Regulation can never be effective until the political activities of the private power companies are stopped. Low rates and low debt structures will automatically remove the urge to resort to such subversive activities.

A "CONVENIENT THEORY" ON RATE BASE AND SECURITIES

In the Oregon Journal of June 7, 1940, Mr. F. T. Humphrey published an article on the Basis of Electric Rates. This article is founded on what is termed the "convenient theory of regulation." This "convenient theory" was advanced originally by the power companies when they were confronted with high capital values. The "convenient theory" is that the capital book value and the rate base are two different animals. Abstractly there is some basis for the "convenient theory," practically there is little. When securities have been issued, and balancing property values placed on the company books, these sums largely control rates, especially when a large proportion of the sums are represented by fixed interest bonds or preferred stock. Any utility commission is always reluctant to destroy the credit of a company by reducing earnings below the credit relationship of net earnings to fixed interest. The point in question is that some Oregon State officials originally permitted the issuance of the inflated securities, and the State utility commissioners allowed these to be continued in the company balance sheet. This is still allowed in spite of the showing made by the report of the independent trustees in bankruptcy of the Portland Electric Power Co. Mr. Humphrey mentioned the earnings return of 4.85 percent for the Portland General Electric but did not give the rate base. As far as I know, the determination of such fair value has not been published or tested. Also, there have been no published facts on the amount and adequacy of

depreciation allowance, reserves, obsolete units still in the capital account, restraints used to prevent and to wash out inflation, cost-index write-ups, etc. How does Mr. Humphrey know that the items he cites as "not allowed" are not covered up as was shown in the cited case of the Union Electric of St. Louis?

The president of the Washington Water Power Co. recently addressed the Edison Electric Institute at their Atlantic City convention. He advanced another "convenient theory" to be worked into the defense program. This was the fruitful suggestion that the private utilities should become a part of that program. This is the same man who worked and lobbied against the eastern Oregon transmission lines in Washington, D. C., this year. Any presentation by him, in view of the record, should be understood as having a "Cliveden interest." It was the Cliveden crowd of manipulators who put England and France on the rocks. Public welfare in these critical times demands the removal of self-interest. Now is the time for facts and help, rather than convenient theories.

The great private utility holding companies are not backward in intrenching their profit interests behind the defense bulwarks. For some years they have threatened to withhold expansion unless given unreasonable guaranties. Now, above all times, legislative bodies and public officials must be cautious in granting privileges.

THE SPEAKER. Under special order of the House, by consent of the gentleman from Massachusetts [Mr. HEALEY], the Chair recognizes the gentleman from Utah [Mr. ROBINSON].

SUGAR

Mr. ROBINSON of Utah. Mr. Speaker, on July 24 Senator THOMAS of Idaho made in the Senate a partisan address upon the sugar program developed under the present Democratic administration. I ask unanimous consent to extend my remarks in the RECORD and to include therein certain documents.

THE SPEAKER. Is there objection?

Mr. SCHAFER of Wisconsin. Mr. Speaker, I reserve the right to object. Will the extension of remarks which has been requested comply with the rules of the House, which require that the Members of the House shall not discuss the actions and activities of Senators on the floor of the Senate?

Mr. ROBINSON of Utah. If they did not, I do not want them to go into the RECORD.

THE SPEAKER. Is there objection?

There was no objection.

Mr. ROBINSON of Utah. Mr. Speaker, to repeat, on July 29, in the Senate of the United States, a Member of that body made what I consider a vicious and partisan attack on the sugar program developed under the present Democratic administration.

The sugar problem, in my opinion, is not political, but economic. It raises no partisan issues. It is a problem that directly affects all the people of the United States because all are consumers of sugar. It more seriously—even vitally—affects certain areas of the United States, my own State among them, because there we have the producers as well as the consumers of sugar. It seems to me unfitting and improper for a United States Senator to attempt to make political capital out of an enterprise which furnishes the means of livelihood for so many thousands of farmers and workers. Yet if the Senator insists upon making it a partisan issue, we on the Democratic side have nothing to lose and much to gain. Our record is clear. The sugar program developed since 1934 has increased and stabilized the income of the farmers. It has permitted a substantial gain in the production of sugar in the United States. It has provided countless opportunities for employment that were nonexistent during the last Republican administration.

The Senator complained, in his speech to the Senate, that "this administration has followed a policy which has tended

to discourage in every way possible the domestic sugar industry." The Senator, obviously, has rather curious ideas about discouragement, because here is what the sugar program has accomplished in the last 6 years:

First. Beet-sugar production, which averaged 1,276,000 tons of refined sugar in the period 1929-33, increased to 1,685,000 tons in 1938 and 1,641,000 tons in 1939, an increase of no less than 28 percent.

Second. Sugar-beet growers, who averaged \$6.11 per ton of beets and a total annual income of \$53,751,000 in the 1929-33 period, had about \$7 per ton in the period 1934-38 and a \$61,335,000 total in annual grower income. Processors' losses under the old regime have been transformed into profits.

Third. Sugar-beet growers received special payments for damage caused to their crops by drought, flood, freeze, storm, and other natural calamities. This form of free crop insurance is not provided for any other agricultural crops.

I offer tables showing for the States of Utah and Idaho, separately, the effect of the program upon the beet-sugar industry in those States.

EXHIBIT A

Net income after all charges and percent return on average net equity, Amalgamated and Utah-Idaho Sugar Cos., fiscal periods ended in 1929-40

Fiscal year ended—	Amalgamated Sugar Co. ¹			Utah-Idaho Sugar Co. ²		
	Average net equity (capital stock and surplus at beginning and end of period)	Net income after all charges (amount available for dividends) ³	Percent return ³	Average net equity (capital stock and surplus at beginning and end of period)	Net income after all charges (amount available for dividends) ³	Percent return ³
1929.....	\$10,202,048	\$23,168	0.02	\$18,232,940	\$143,463	0.79
1930.....	9,755,826	259,574	2.66	18,330,896	284,826	1.55
1931.....	8,790,962	595,883	6.78	17,264,246	2,095,000	12.13
1932.....	7,788,375	955,843	11.89	16,075,637	446,591	2.78
1933.....	7,092,690	487,502	6.03	15,814,440	390,314	2.47
5-year average.....		437,115	5.47		672,039	3.94
1934.....	7,352,876	1,067,697	14.52	16,173,210	1,497,001	9.26
1935.....	7,843,252	263,546	3.36	17,032,113	1,048,504	6.16
1936.....	8,242,254	846,438	10.27	17,619,398	1,215,914	6.90
1937.....	8,653,111	1,087,230	12.56	17,955,306	1,256,318	7.00
1938.....	8,705,670	284,726	3.27	18,177,440	577,092	3.17
5-year average.....		709,927	8.80		1,118,966	6.50
1939.....	8,915,362	722,033	8.10	18,246,938	414,625	2.27
1940.....				18,669,606	751,859	4.03

¹ Fiscal year in 1929 ended on Feb. 28. Fiscal years ended from 1930 to 1936 on Mar. 31; fiscal year changed effective 1937 to end Sept. 30; fiscal period ended in 1937 therefore covers 18 months from Apr. 1, 1936, through Sept. 30, 1937.

² Fiscal year ends Feb. 28.

³ Roman figures in this column indicate gain; italic figures indicate loss.

⁴ Covers 18-month period from Apr. 1, 1936, through Sept. 30, 1937; net income for the year ended Mar. 31, 1936, was \$713,816.

⁵ After refund on Federal income tax for prior year.

⁶ After deducting \$246,838 for abandonment of property.

Source: Moody's Manual of Industrials, vols. 1929-1940.

Sugar-beet growers in Utah and Idaho have been fortunate in that no acreage reduction for the States as a whole has been required under the sugar program. In 1939, the only year in which restrictive acreage allotments were made to sugar-beet growers, 55,000 acres of sugar beets were planted in Utah and 77,000 acres were planted in Idaho, the largest acreage planted in either State since 1933.

In his speech the Senator recalled that the last Republican administration imposed a duty of 2 cents a pound on Cuban raw sugar, and he lamented the fact that this rate of tariff was reduced when the Democratic Party came into power. Through this reduction, he said, the producers of sugar beets and sugarcane in the United States had been gravely mistreated. If the sugar problem were as simple as the Senator would like to make it appear, it would be easy of solution. But it is not so simple. It cannot be solved merely by juggling with the rates of duty. That fact has been recognized, for a long time by students of the sugar problem, among others, the United States Tariff Commission. In its report of 1934, when three of the four members

were Republicans appointed during previous Republican administrations, the Commission took occasion to point out:

That a change in duty rates alone would not settle the chaotic condition in the sugar industry since the supply of sugar available for the American market is so great and the competition to supply the American market is so keen as to depress the market price far below costs. (Rept. No. 73, p. 2.)

And, also,

That the most effective way, based on the information ascertained by the investigations of the Commission, to improve the situation both in Cuba and the United States is to lower the Cuban duty, and at the same time to adjust the market demand deliveries of sugar not only from Cuba but from all other areas contributing to the American supply. (Rept. No. 73, p. 3.)

Since the quota system has been in effect in the United States, the tariff imposed on sugar has been only a relatively minor factor in price. What makes price is supply and demand—the supply of sugar made available each year under the estimates of consumption by the Secretary of Agriculture and the demand for that sugar on the part of American consumers. If the Senator believes that the quota system has not improved the income of beet growers in Idaho, as well as in my own State of Utah, I ask that he study the table which I now present for inclusion in my remarks.

EXHIBIT B

Sugar-beet data, Idaho and Utah, 1931-39

IDAHO

Year	Acres planted	Tons of sugar beets produced	Percent of sucrose of cosettes	Growers' returns per ton of beets		
				Sugar-company payment	Government payment ¹	Total returns ¹
1931.....	38,000	301,000	17.25	\$6.06 ²	-----	\$6.06
1932.....	54,000	709,000	17.63	5.12	-----	5.12
1933.....	79,000	837,000	18.02	4.72	-----	4.72
1934.....	58,000	294,000	17.21	4.72	\$1.75	6.47
1935.....	54,000	562,000	16.33	5.27	1.13	6.40
1936.....	54,000	619,000	16.57	6.06	(?)	6.06
1937.....	53,000	615,000	16.80	5.19	1.96	7.15
1938.....	76,000	1,122,000	15.78	4.43	1.84	6.27
1939.....	77,000	985,000	16.85	4.35	1.96	6.31

UTAH

Year	Acres planted	Tons of sugar beets produced	Percent of sucrose of cosettes	Sugar-company payment	Government payment ¹	Total returns ¹
1931.....	54,000	505,000	16.70	\$6.00	-----	\$6.00
1932.....	58,000	846,000	16.49	4.78	-----	4.78
1933.....	76,000	912,000	16.87	4.66	-----	4.66
1934.....	54,000	250,000	16.01	4.35	\$1.75	6.10
1935.....	44,000	506,000	15.63	5.05	1.13	6.18
1936.....	37,000	500,000	15.92	5.83	(?)	5.83
1937.....	51,000	570,000	15.80	4.93	1.84	6.77
1938.....	54,000	814,000	15.37	4.43	1.79	6.22
1939.....	55,000	683,000	16.34	4.25	1.90	6.15

¹ Not including abandonment and deficiency payments nor payments made under the agricultural conservation program in 1936 and 1937 amounting to approximately 40 cents per ton of beets. Due primarily to white-fly damage, abandonment and deficiency payments made on the 1934 crop amounted to approximately \$900,000 in Utah and \$700,000 in Idaho.

² No tax and payment program due to Supreme Court decision in the Butler case.

³ Estimated.

This table shows that in the 2 years before the present sugar program became effective beet growers in Idaho received an average of \$5.07 for each ton of beets produced. The average for the 6 years under the sugar-control program has been \$6.44 a ton, an increase of about \$1.35 a ton. In Utah, for the 2 years prior to sugar control, growers received on an average \$4.72 a ton for beets. In the 6 years since that time their average return has been \$6.20 a ton, a gain of nearly \$1.50 a ton.

The Senator wants us to believe, not only that the reduction of the duty on sugar penalized beet growers by way of a reduction in income, but that it also permitted Cuba to flood the American market with its product. As a matter of fact during the years 1925 to 1932—Republican years—Cuba contributed to the sugar consumed in this country amounts ranging from 52 percent in 1925 to 28 percent in 1932. During the last 5 years, Cuba has never contributed more than 28 percent in any one year, so that it can accurately be said that the proportion of Cuban exports to the United States has been held at its absolute minimum.

EXHIBIT C

Contributions to sugar consumption of continental United States from sugar-beet area and Cuba

Year	Total	Sugar-beet area		Cuba	
		Tons	Percent	Tons	Percent
1925.....	6,603,000	1,063,500	16.11	3,486,000	52.79
1926.....	6,796,500	1,046,000	15.39	3,944,500	58.04
1927.....	6,348,000	935,000	14.73	3,491,000	54.99
1928.....	6,642,500	1,243,000	18.71	3,125,000	47.05
1929.....	6,964,000	1,026,500	14.74	3,613,000	51.88
1930.....	6,827,000	1,140,500	16.71	2,945,500	43.14
1931.....	6,779,000	1,343,000	19.81	2,534,000	37.38
1932.....	6,350,000	1,318,500	20.76	1,834,500	28.89
1933.....	6,377,500	1,366,000	21.42	1,619,500	25.39
1934.....	6,575,000	1,561,500	23.75	1,866,500	28.39
1935.....	6,277,000	1,478,000	23.55	1,830,000	29.15
1936.....	6,834,000	1,364,500	19.97	2,102,000	30.76
1937.....	6,860,500	1,245,000	18.15	2,155,000	31.41
1938.....	6,619,000	1,448,000	21.88	1,941,000	29.33
1939.....	7,465,500	1,869,500	24.24	1,930,000	25.85
1940 ¹	6,607,500	1,550,000	23.46	1,863,000	28.19

¹ Based on quotas now in effect.

These are the true facts of the case, and no amount of political argument should be permitted to distort them in the minds of the thousands of beet growers of the United States. The Senator lovingly recalls the rate of duty which was established during the last Republican administration, but he neglects to add that it was the failure of this system of protection which led to the establishment of the quota system. I challenge the Senator to provide for the growers of sugar beets in his State a rate of tariff which will give them an income equal to that which they have received during the last 6 years. I challenge the Senator, so bitter in his criticism, to suggest a better way than a quota system for treating the manifold and intricate problems of sugar.

Until he suggests such a program, those of us who are sincerely interested in the welfare of the beet sugar industry, those of us who have worked so earnestly in its behalf for these many years, must regard the Senator's attacks as little more than a political gesture.

EXTENSION OF REMARKS

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to extend my remarks upon the bill passed yesterday.

The SPEAKER. Is there objection?

There was no objection.

PRISON-MADE GOODS

The SPEAKER. The chair will recognize the gentleman from Massachusetts [Mr. HEALEY], for 15 minutes.

Mr. HEALEY. Mr. Speaker, I have received in the past few days a letter from the president of the United Shoe Workers of America. The letter reads as follows:

UNITED SHOE WORKERS OF AMERICA,
Washington, D. C., August 13, 1940.

HON. ARTHUR D. HEALEY,

House of Representatives, Washington, D. C.

DEAR CONGRESSMAN HEALEY: In behalf of the thousands of your shoe-worker constituents and especially in the interest of those who are now unemployed, we call your attention to the fact that the Quartermaster Corps of the Army is about to award an order for 300,000 pairs of shoes to the Leavenworth Prison for manufacture by convict labor.

The men's-shoe industry, we are sure you are aware, has suffered the worst spring and summer seasons to date in many years, and weekly wages earned by many workers in this industry have hit new lows. Workers in this industry cannot afford any loss in wages, as the average pay is only \$880 a year, a sum too low to maintain a decent American standard of living.

Congress has expressed its will in regard to this matter in Public, No. 271, Seventy-first Congress, which reads in part as follows:

"... that the Attorney General provide employment for inmates of the United States penal institutions in such diversified forms as will reduce to a minimum competition with private industry or free labor."

The Federal Prison Housing, Inc., the agency which handles this matter, has been increasing the activities of its shoe factories until it now constitutes a serious threat to the maintenance of standards in the competitive commercial shoe industry. This is shown more clearly by the fact that in 1932 the total annual production of the shoe factory in Leavenworth prison was 240,000 pairs and now, having completed an order of 120,000 pairs for the C. C. C. so far

this year, they are about to take this order for an additional 300,000 pairs, bringing their total production this year to a minimum of 500,000 pairs.

It seems paradoxical that it should be necessary for the thousands of trained skilled shoe workers to commit a crime before they are permitted to work at their trade.

We urge you to protest both to the Director of the C. C. C. and to Maj. Letcher O. Grice, in charge of shoe purchases in the Quartermaster Corps of the United States Army.

Your interest in this matter will be deeply appreciated, and we would appreciate your keeping us informed of any action you may take in regard to this matter.

Respectfully yours,

FRANK McGRATH, President.

Inquiry by me yesterday at the office of the Quartermaster General reveals that 150,000 pairs of the shoes referred to have been released by the Bureau of Prisons. That means that amount of the shoes will be manufactured by private industry.

The problem of prison-labor competition is one which the Federal Government and State governments have had to face for many years. The Federal Government realized the importance of the problem as early as 1885, when a Commissioner of Labor Statistics began the first survey to ascertain the effect of the competition that existed on the open market between prison-made goods and the products of free industry.

The troubles that the shoe workers of America are facing as a result of this unfair competition is but one facet of the whole problem. The prisons for many years were in the general manufacturing business; they produced work shirts, work clothing, furniture, machinery of various kinds, heavy iron and steel forgings, crockery, and a host of other products too numerous to mention.

In some cases the States permitted the contracting of prison labor to outside interests. This was simply a condition of peonage fostered by certain backward State governments. In other States the prisons contracted with free distributors for the supplying of various commodities at a certain basic price always much lower than the corresponding cost in free industry.

In 1928 the matter of convict-made commodities sold in the market in competition with free labor and free industry reached such proportions that a tremendous demand arose from all over the country for some Federal curative legislation.

It is well known that prison administrators have decided advantage over employers of free labor. Prisons do not have to meet the usual production cost and should, therefore, be able to undersell any competitors. Work continues notwithstanding business fluctuation, and to a certain extent is not dependent upon an immediate market. The overhead of prison industry is bound to be small because housing, shelter, and food is of necessity supplied by the State and the payment of compensation to the convicts is uniformly small.

In response to the urgings of all branches of organized labor from each of the 48 States, and supplemented by similar demands from the various business and industrial interests, the Hawes-Cooper Act was introduced and ultimately passed in 1929.

The Hawes-Cooper Act divested prison-made goods of their interstate character and thereby subjected them to the laws of the State where they were offered for sale irrespective of the place of origin. Under the provisions of the bill, the law did not take effect until January 19, 1934. This law does not prohibit the interstate shipment of prison-made goods but permits a State to impose restrictions upon such goods after they are transported into the State.

Immediately thereafter the various States began to avail themselves of the opportunities afforded by the Hawes-Cooper Act, with the result that legislation respecting the sale of prison-made goods is now in effect in 38 States. Thirty States entirely prohibit the sale and distribution of prison-made goods on the open market. Some 8 additional States have minor exemptions in their laws.

The validity of the Hawes-Cooper Act was challenged in the case of Ohio against Whitfield (297 U. S. 431). The case went through the various courts and ultimately the Supreme Court of the United States unanimously upheld the validity

of the act. In its decision the Supreme Court specifically declared that the competition of convict-made goods with the products of free labor was an evil. I will read you that part of the decision:

The view of the State of Ohio that the sale of convict-made goods in competition with the products of free labor is an evil finds ample support in fact and in the similar legislation of a preponderant number of the other States. Acts of Congress relating to the subject also recognize the evil. In addition to the Hawes-Cooper Act, the importation of the products of convict labor has been denied the right of entry at the ports of the United States and the importation prohibited.

The Hawes-Cooper Act not proving entirely effective, a supplementary act was introduced and passed on July 24, 1935. This law is known as the Ashurst-Sumners Act, by which the provisions of the Hawes-Cooper Act were materially strengthened. The various State prison laws were supplemented and a maximum penalty was imposed on any person shipping prison-made goods into a State whose laws forbade the sale on the open market of such goods. It also provided that prison-made goods must be marked, showing the name and address of the shipper and the name of the penal institution from which the goods were shipped.

The Ashurst-Sumners Act was attacked in the courts and eventually the United States Supreme Court, in 1937, sustained the validity of the law.

In spite of these Federal laws and the efforts of a majority of the States to stamp out this pernicious competition, about a dozen States have either failed completely to keep in step or have enacted laws which only partially meet the problem. Recognizing the fact that free labor and free industry were still suffering from the effects of this ruinous competition, the various labor organizations had introduced on March 11 of this year in both the House and the Senate, a bill which would prohibit entirely the interstate shipment of convict-made goods. This bill was introduced by Senator ASHURST in the Senate and the gentleman from Texas, Congressman SUMNERS, in the House. The bill passed the Senate on June 22 with one or two clarifying amendments. The House Judiciary Committee reported the bill favorably on June 19 and on July 1 it passed the House with the addition of amendments from the floor. The amendments adopted by the House exempted from the provisions of the bill farm machinery and binder twine. Three conferences have been held by the managers of the House and the Senate. The managers have reached an agreement on all amendments with the exception of the one exempting farm machinery and binder twine.

I am opposed to the exemptions of farm machinery and binder twine from the provisions of the bill. If we are going to permit the convicts to manufacture and sell these articles then we may expect further demands in the future from prison interests for other exemptions in order that they may continue to invade the field of legitimate enterprise and free labor.

When the Hawes-Cooper Act was under consideration it was fought viciously by the various prison administrations and prison contractors. The cry raised was that it would be ruinous for the prisons to stop the manufacture and sale of commodities on the open market. It was alleged that upon the passage of the act the prisons would be immediately disrupted, idleness would set in, and tremendous unrest amongst the prison population would ensue. The answer to this complaint was and still is the State and Federal use system.

Mr. CONNERY. Mr. Speaker, will the gentleman yield?

Mr. HEALEY. Yes.

Mr. CONNERY. Mr. Speaker, I am pleased that my able colleague, the gentleman from Massachusetts, [Mr. HEALEY], has brought this matter to the attention of the House. I also received a similar letter, and as my colleague knows, I represent one of the great shoe centers of the country. The gentleman will agree, I am sure, that when the Seventy-first Congress authorized our penal institutions, through legislation, to produce prison-made goods, it had definitely in

mind that such prison production should by no means be to the extent of competition with private industry.

Here we have the case of Congress placing on the statute books the wage-hour law, the National Labor Relations Act, the Walsh-Healey Act, and such other sound legislation for the protection of the workers in various industries, and the War Department and the C. C. C. and possibly the Navy Department, thwarting that beneficial legislation by ordering a great volume of products, in this particular instance shoes, to be manufactured in Federal prisons, in competition with private industry.

Mr. HEALEY. In answer to my colleague, who does represent one of the great shoe centers of the country, and who is always so zealous of the welfare of that industry and its workers, I should say, in fairness to Mr. McEntee, the C. C. C. Director, that he has written a letter to the United Shoe Workers saying that he is out of sympathy with the policy of placing these orders in the prisons.

Mr. CONNERY. Does not the gentleman feel that the Congress henceforth must be very much on guard against any possible improper steps being taken by the War and Navy Departments under the guise of national defense on questions such as this?

Mr. HEALEY. I think we should continue to be watchful and do our utmost in view of the great unemployment, particularly among the workers of this industry, to prevent these large Government orders going to the prisons of this country for manufacture by convict labor.

Mr. COCHRAN. Will the gentleman yield?

Mr. HEALEY. I yield.

Mr. COCHRAN. If the gentleman will carefully examine the record, he will find that since the depression started the Federal Prison Industries, headed by James V. Bennett, has released, with minor exceptions, to the trade practically all shoes Government agencies desired so they could be manufactured by free labor. Let me say I come from the largest shoe-industry district in the world and I know what I am talking about because I have cooperated with them year after year. Why, this week the Federal Prison Industries released to the trade over 1,000,000 pairs of shoes, when they could have manufactured them at Leavenworth if they desired. For the 6 months prior to December 31, 1939, they released 1,053,851 pairs; for the next 6 months ending June 30, 1940, they released 1,779,241 pairs; and since June 30, 1940, up to this time, 1,447,000 pairs. In the past year they have only taken 273,000 pairs, and this to keep the long-term prisoners at work, which is absolutely necessary to prevent riots. When you take into consideration that last year 414,000,000 pairs of shoes were manufactured in the United States, the trade and labor has not been hurt by such a record.

Mr. HEALEY. I am happy to have the observation of the gentleman and to have his contribution. I think it is no more than right under existing conditions that they should do that.

Mr. COCHRAN. Absolutely. And so does Mr. Bennett and his associates. Now, let me offer a suggestion to the gentleman. Why not bring back to the House and the Senate this bill which you are talking about for a vote on this question that is in disagreement? If you do not do it, that bill will be defeated in conference, whereas if it comes back to the House and Senate and we have a separate vote on it, we might be able to come to some agreement and get legislation at this session of Congress. I invite the conferees to bring it back for instructions and let the House act.

Mr. HEALEY. Of course, the gentleman realizes that I have been talking about that very question of trying to get that bill back as expeditiously as possible, so that we may have a vote on it.

Mr. VOORHIS of California. Will the gentleman yield?

Mr. HEALEY. I yield.

Mr. VOORHIS of California. I agree entirely with the point the gentleman is making and will be glad to support this bill. I also want to point out that this group of workers, the shoe workers, in my own section in Los Angeles, has

adopted a program through its local out there whereby the members of that local who are employed give 1 day's labor every month free of charge, and in conjunction with their employers, who furnish the material and machinery, are manufacturing in that way shoes for the relief of victims of the war and donating them to the Red Cross. It is that kind of people that the gentleman is speaking of today.

Mr. HEALEY. Yes. I thank the gentleman for his contribution.

In 1932 the Federal Government set up what is known as the Prison Industries Reorganization Administration. This organization was charged with the duty of making a complete and exhaustive research into the various State penal institutions with the view of recommending a change in their past policies of manufacturing for the open market into a system whereby the prisoners would devote their energy to manufacturing and producing for State use. This State-use system has been adopted in most of the prisons of the country. It has proven to be largely satisfactory; so much so that most prison administrators now agree that restrictive legislation was the best thing that ever happened to the prisons.

The bill now pending for 40 days or more before the Senate and House conferees, when passed, would crown the effort of organized labor for the past 50 years with the successful elimination of prison competition in its most pernicious form. I do not know why the conferees have delayed so long in making their report. At this time, when there are some nine or ten million men unemployed, it would seem that every effort would be given to remove the various impediments which are now proving to be so injurious to labor in general.

This bill, S. 3550, is supported by the American Federation of Labor, the C. I. O., and by the various industrial organizations. The issue is quite simple: Shall prison management in a handful of States prevent the passage of a Federal law whose purpose is endorsed by legislation of almost 40 States and supported by free capital and free labor everywhere? [Applause.]

[Here the gavel fell.]

PERMISSION TO ADDRESS THE HOUSE

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent that on next Wednesday, after all the other business has been disposed of, I may be permitted to speak for 15 minutes.

The SPEAKER pro tempore (Mr. TERRY). Is there objection to the request of the gentleman from Michigan?

There was no objection.

EXTENSION OF REMARKS

Mr. THORKELSON. Mr. Speaker, I ask unanimous consent to extend my remarks and insert five letters in the CONGRESSIONAL RECORD with my remarks.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. CONNERY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a letter from the United Shoe Workers of America protesting against the manufacture of prison-made goods.

The SPEAKER pro tempore. Is there objection?

There was no objection.

ANOTHER STEP TOWARD DICTATORSHIP

Mr. WOODRUFF of Michigan. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD at this point.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. WOODRUFF of Michigan. Mr. Speaker, Wendell Willkie said in his acceptance speech at Elwood, Ind.:

I should consider our diplomacy as part of the people's business, concerning which they were entitled to prompt and frank reports to the limit of practicability.

The events of the last few days gives great force and point to the statement of the Republican Presidential nominee. The Nation suddenly has sprung on it a conference between President Roosevelt and the Canadian Prime Minister MacKenzie

King to provide for a defense pact with our neighbor on the north and a joint defense board. Almost before the ink is dry on the first reports, the conference is over, the pact has been decided upon between the two officials, and Mr. Roosevelt is preparing to name the American members of the Joint Defense Board. Congress and the country had no inkling that anything of this sort was brewing until a veritable "blitzkrieg" of developments ended quickly in the consummation of the plan.

At the same time, the people of America, including the Members of Congress, learned from debates in the British Parliament that the United States and Great Britain have entered into an accord concerning naval and air bases. The announcement was made to the Parliament in the House of Lords by Viscount Halifax, foreign secretary. He cited this agreement as "proof of an inexorable fusion of interests." Mr. Anthony Eden spoke in Parliament hopefully of Great Britain and the United States becoming one nation and one people, as had been planned for Britain and France. The British Premier, Winston Churchill, spoke with great exultation of the agreements which are being reached with the United States, and viewed the process "without any misgiving. I could not halt it if I wished. No one can halt it. Like the Mississippi, it just keeps rolling along."

Now, without any reference to the merits or demerits of these momentous decisions, which have been reached by the President of the United States with other nations, and these momentous agreements which are being entered into, these developments go to show to what extent Mr. Roosevelt and his New Deal administration consider that they may do as they please, enter into any agreements they choose, make any commitments they like to other nations, and then present these things to the Congress and the people as accomplished facts which the Nation must accept whether it likes them or not.

This is a dangerous state of public affairs, whether these agreements and pacts are good, bad, or indifferent. The significance of these developments is that Mr. Roosevelt considers himself the Government of the United States. He considers himself the one to judge of what is good or bad for this Nation without reference and without respect to the Congress—the people's representatives—or the people themselves.

Wendell Willkie did not sound his warning a moment too soon, that we must begin to "consider our diplomacy as a part of the people's business, concerning which they are entitled to prompt and frank reports to the limit of practicability."

Again without reference to the merits or demerits of these agreements which have been entered into, these developments prove that there does exist a very grave danger that commitments dangerous to the peace and security of this Nation may be entered into, and the Congress and the people compelled to accept them because the President and his advisers appear to be willing to take any steps they see fit without asking the advice or the leave of Congress to do so.

To say the least, that is not the American way of doing things, and it smacks too much of dictatorship to suit a good many millions of our people.

WHERE THE MONEY WENT THAT WAS APPROPRIATED FOR FARMERS

Mr. MURRAY. Mr. Speaker, I ask unanimous consent to extend my own remarks at this point.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. MURRAY. Mr. Speaker, there are many agricultural sins committed in the name of helping the farmer, when in fact other groups are really the ones being helped. For example take the New Deal agricultural program of agricultural subsidy checks. In order to get this program in motion, the New Deal rubber-stamp Congress passed a bill—Senate 2229—on August 26, 1937, which permitted the Members of Congress to enter into agreements under agricultural programs, in order that Members of Congress themselves could enjoy the fruits of their legislation, and get their own hands into the "pot of gold."

While up to this time the law of the land did not allow Members of Congress to enjoy legislation that gave the Members personal emoluments, the New Deal changed this procedure so that Members could raid the Treasury of the United States and benefit by such legislation. A program was instituted by the Agriculture Department that diverted these funds in big checks to corporation farmers, insurance companies and banks instead of to the real farm people of our country in whose name, and for whose benefit, the appropriations had been made.

ONE YEAR—1937

A few of the outstanding payments for the year 1937 were:

National Life Insurance Co., Montpelier, Vt.	\$65,335.92
John Hancock Mutual Life Insurance Co., Boston, Mass.	147,647.22
Travelers' Insurance Co., Hartford, Conn.	211,521.98
Equitable Life Assurance Society of United States, New York, N. Y.	206,962.42
Metropolitan Life Insurance Co., New York, N. Y.	257,095.64
Mutual Benefit Life Insurance Co., Newark, N. J.	161,110.96
Prudential Insurance Co. of America, Newark, N. J.	231,158.10
Union Central Life Insurance Co., Cincinnati, Ohio	166,280.84
United States Sugar Corporation, Clewiston, Fla.	68,893.34
Mississippi State Penitentiary, Parchman, Miss.	52,429.97
King Ranch, Kingsville, Tex.	112,140.04
Matador Land and Cattle Co., Denver, Colo.	60,153.04
Grand Junction Sugar Co., Colorado Springs, Colo.	28,207.71
Campbell Farming Co., Hardin, Mont.	11,830.00

How these payments were made on a farm-relief program is beyond the imagination of the average individual, especially when the New Deal in 7 years drove these 91,135 farmers from their farms and onto relief rolls, W. P. A. rolls, and into migratory camps. It is certain these big companies were not the "forgotten men" the New Deal of 1932 told us about.

While 91,135 farmers were driven from their homes because they could not pay an average interest charge of \$98 to \$112, on an average \$2,800 loan, millions in these big checks have been paid to insurance companies, big corporation farms, and other nonfarm groups.

While the law has been changed to put a \$10,000 limit to one person or corporation, new legislation has now passed the House allowing large landholding corporations, banks, and insurance companies to get \$5,000 per farm, for as many farms as they own. In other words, again, take off the lid so that the money appropriated in the name of the farmer will once more go to the nonfarmer groups of the country.

If any subsidy is to be paid, it should be paid to the family sized farm—where the farmer owns and operates the land—in fact the real agricultural people of our country.

This soil-conservation money, if appropriated, should be allocated back to the States, in order to save the millions that now go to the political bureaucrats in Washington. The most fertile farm in America can be drained of its fertility and ruined in its productivity and still the farmer will receive annual checks under the guise of soil conservation. This program is one of New Deal conservation rather than one of soil conservation, as practiced by the bureaucrats in Washington and is but one more example of the waste, extravagance, and impractical theories of the advocates of the more abundant agricultural life.

It should be evident why the New Deal drove 91,135 farmers from the farms the past 7 years, when we are acquainted with the facts as to who really has been receiving the large checks and the very money that should have gone into the pockets of the farmers of this Nation.

The farmers in many States received but an average subsidy of \$30 to \$45 per farm, while the large corporation farmers and nonfarm groups obtained checks that averaged thousands of dollars. The above-listed checks were paid for not producing crops and for the so-called New Deal parity payments. Millions of dollars have been spent by the New Deal in taking photographs of farms from the air, but the New Deal apparently fails to take pictures of the milk checks, the checks received from 5-cent hogs, 10-cent cotton, and 50-cent wheat that have been obtained under the New Deal.

Too much of the public funds go to what are evidently political agricultural programs. Otherwise, why should one State, like Texas, get over 27 percent of the parity funds in 1 year; and why should one State, Texas, get \$365,000,000

agricultural subsidy or one-eighth of all the agricultural subsidies? Why should Boston get \$1,900,000 worth of fluid milk for distribution and be the only city in America to get it? And why should \$1,000,000 be appropriated for purchasing fish when many surplus farm products bring only 50 percent to 75 percent of parity? Yes, "Why?" is a pertinent question, and one the New Deal evidently cannot answer.

Is it any wonder the New Deal drove 91,135 farmers from their homes and farms the past 7 years? Let us stop this unfair procedure once and for all.

The SPEAKER pro tempore. Under special order of the House heretofore entered, the gentleman from Texas [Mr. PATMAN] is recognized for 30 minutes.

GERMAN PROPAGANDA AGENTS

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include certain excerpts, and also to include certain newspaper articles and a letter which I have written.

The SPEAKER pro tempore. Is there objection?
There was no objection.

LIEUTENANT COLONEL BYOIR

Mr. PATMAN. Mr. Speaker, in the early part of June I made certain charges against a lieutenant colonel in the United States Army Reserves. Those charges were that this man was appointed a lieutenant colonel in 1931 and that within 2 years thereafter he was employed by German propaganda interests for the purpose of selling nazi-ism to the people of this country. That was a very serious charge.

I have never made a charge that I could not support by adequate and satisfactory proof. I would not make a charge against anyone if I were not in position to back it up with proof that is sufficient, proof that is satisfactory, proof that would be acceptable before any committee. I asked the Dies un-American activities committee to investigate this charge and about 6 weeks ago I learned that the gentleman from New Mexico [Mr. DEMPSEY] had been appointed chairman of a subcommittee of the Dies committee to investigate the charges against Lt. Col. Carl Byoir.

BYOIR SHOULD BE QUICKLY "UNEKONERATED"

Very much to my surprise, and without any notice to me or knowledge on my part, the newspapers came out on the morning of July 20 with great headlines across the top of the page reading: "Patman charges unfounded, says the Dempsey subcommittee of the Dies committee." These headlines were followed by a statement purporting to come from this subcommittee of which the gentleman from New Mexico [Mr. DEMPSEY] was chairman, stating that an investigation had been made and these charges were proven to be absolutely without foundation, and asking that publicity be given to it at once in fairness to Lieutenant Colonel Byoir. I was in Texas. I came back here and insisted that the gentleman from New Mexico [Mr. DEMPSEY] give me a hearing at once, but that first he rescind the action of that committee. I told him I had not been given the courtesy of a hearing, that no witnesses had been called, that no proper investigation had been made, and that in a serious matter of this kind I should certainly be permitted to come before his subcommittee in a public hearing, and be given an opportunity, and in fact required, to substantiate the charges I had made against this Lt. Col. Carl Byoir.

CONGRESSMAN DEMPSEY NOTIFIED A FLOOR DISCUSSION WOULD FOLLOW AN UNSATISFACTORY REPLY

The gentleman from New Mexico did not give me that hearing. I did not get a satisfactory reply. The first thing I knew he had gone to New Mexico. We had an exchange of several telegrams, but I still could get no satisfaction. Finally, on August 19, 1940, in a telegram I informed him that if he did not give me positive assurance of a hearing before that subcommittee at an early date I expected to go on the floor of the House and inform our colleagues of exactly what had happened and what had been done by this subcommittee of the Dies committee, of which he was chairman. I failed to get a satisfactory reply, and that is the reason I am before you here today.

In my remarks, which I expect to extend, I will insert some interesting articles about the "fifth column" in the United States. I invite attention especially to some current writings of Col. William J. Donovan. At the suggestion of the Secretary of the Navy, the Honorable Frank Knox, Colonel Donovan recently made a trip to Europe. He knows something about the "fifth column" activities and how information is disseminated through these German tourists information bureaus and has published the information. I expect to place one of these articles in the RECORD.

A CHALLENGE TO CONGRESSMAN DEMPSEY

In a letter to the gentleman from New Mexico [Mr. DEMPSEY], which I am sending to him and which I presume he will answer—I hope he does—I stated:

AUGUST 22, 1940.

HON. JOHN J. DEMPSEY,

Chairman, Subcommittee of Dies Committee to Investigate Un-American Activities, Washington, D. C.

DEAR CONGRESSMAN DEMPSEY: The most amazing thing that has happened during my public service has been the exoneration of Lt. Col. Carl Byoir of the charge of un-American activities by the subcommittee of the Dies committee, of which you are chairman. Such a report by your committee is shocking and astounding. My charges were made in the early part of June. Your report containing the so-called exoneration was made July 16, in 2 or 3 weeks after you were appointed chairman of the subcommittee to conduct hearings on the charges.

It was inconceivable to me that any subcommittee of the Dies committee would have held and published to the world that it is not considered an un-American activity in this country for a lieutenant colonel in our Army Reserves to become a paid propagandist for Adolf Hitler himself, and, for the purpose of selling Nazi-ism to the people of this Nation. That is what you have done through the hasty and unwarranted exoneration of Lt. Col. Carl Byoir. And, to add to the disappointment of all informed American citizens on this colossal blunder, you caused this exoneration to be published without giving me, a colleague, a Member of Congress, the author of the charges, an opportunity to be heard before your committee. Such action on your part was not only untimely, it was unprecedented. As chairman of the subcommittee you broke three precedents:

1. In undue haste;
2. In not permitting the author of the charges to be heard; and
3. Making public a subcommittee report before it is passed upon by the full committee.

You should make haste to correct it.

The immediate effect of this so-called exoneration of Lt. Col. Carl Byoir will be to cause him to be called into active service to help administer the Selective Service Act, if it passes, or the voluntary system if it does not pass. He is in line for that important place. During the World War, he occupied a position which required him to encourage young men to volunteer for the Army.

I will quote some of the testimony that was presented to you as chairman of the subcommittee, and which you had in your possession when you gave out a statement exonerating Lt. Col. Carl Byoir from any un-American-activity charges.

I challenge you to deny a single one of these statements that I make. They are numbered for your convenience, in the event you can deny any of them. This testimony was given to you by me and it is sworn testimony and uncontradicted. It is as follows:

1. January 30, 1933, Adolf Hitler came into power in Germany. There was an immediate influx of more money, more literature, and more power into American propaganda channels. An effort was then made to place as many "fifth columnists" as possible in our Army and armed forces.

2. Carl Byoir, a New York publicity man, was also lieutenant colonel in the Army, Specialists Reserve. He had been a lieutenant colonel less than 2 years. He accepted \$4,000 in cash from the German consul in New York to spread Nazi propaganda in this country. This money was paid within 2 or 3 months after Hitler came into power.

3. Lt. Col. Carl Byoir furnished German agents and German representatives lists of people over the entire Nation to contact and he, himself, contacted some of them for German representatives. German agents were smuggled in and out of the country at will.

4. Lt. Col. Carl Byoir sent George Sylvester Viereck, who called himself "the kaiser's spokesman in America," and who has always been a German propagandist in the United States, to Germany in August 1933 for the purpose of securing for him, Lt. Col. Carl Byoir, a contract with the German Government to disseminate Nazi propaganda in the United States.

5. George Sylvester Viereck, when in Germany in August 1933, conferred with Hitler, himself, and other prominent German officials and discussed with them the employment of Lt. Col. Carl Byoir on a more permanent basis. Byoir was then on the pay roll of the German consul in New York. A contract was given Carl Byoir by a "front" organization for the German Government, known as the German Tourists' Information Office, but which was approved by the German minister of propaganda, which provided that Byoir would receive \$6,000 a month for 18 months and, specifically, "to promote trade between the United States and Germany and to

build good will between the peoples of both countries." It was dated November 22, 1933. (You are doubtless well aware of the fact that Germany has always used these tourist information offices in the different countries as a "front" to disseminate Nazi propaganda.)

6. In pursuance of that contract, Carl Byoir and George Sylvester Viereck occupied the same office in New York City and their relationships were such that they were partners. This partnership—Carl Byoir and George Sylvester Viereck—then continued to flood this country with Nazi propaganda. They also established and maintained an office in Berlin, Germany.

7. Byoir and Viereck continued their activities in behalf of Hitler and the Nazi German Government in the years 1933, 1934, and 1935. All during this time, Byoir was, and is now, a lieutenant colonel in the Army Reserves.

8. You also have information in your files that Lt. Col. Carl Byoir was representing Germany in 1938.

9. Lt. Col. Carl Byoir stated in 1938 that he represented American industry with assets of \$14,500,000,000. You made no effort to find out the concerns that he was representing at that time and whether or not they had any connection with German interests. To your agent he only accounted for a small part of such enormous assets that he claimed to represent.

10. During the time that Lt. Col. Carl Byoir was representing Hitler, German "fifth columnists" were swearing falsely for the purpose of getting into the National Guard in New York and in other cities. In other words, they were swearing that they were American citizens when they were aliens. Different "front" organizations for the Nazis were also being organized over the Nation. In other words, Lt. Col. Carl Byoir laid the ground work and started Hitler's Nazi propaganda in this country, and was therefore the first Hitler Trojan horse to enter the United States for Hitler. You have that evidence in your files in the possession of your committee.

If you had interested yourself to the extent of making inquiry at the Department of State, you would have discovered that George Sylvester Viereck is now—on this the 22d day of August 1940—registered as a German agent. He is still flooding this country with Nazi propaganda literature from 17 Battery Place, New York. Has the partnership between Byoir and Viereck to disseminate Nazi propaganda in this country and try to make the people desire a Hitler dictatorship in preference to our own great form of government been dissolved? You have evidence that it existed in 1933, 1934, and 1935, but you have no evidence in the files that it has ever been dissolved.

July 9, 1934, Prof. Raymond Moley testified before the McCormack Un-American Activities Committee in New York. Chairman McCormack asked him the following question.

Now, remember the gentleman I refer to is our colleague, the gentleman from Massachusetts, the Honorable JOHN MCCORMACK, asking Mr. Raymond Moley, whom you have all heard about, this question at the hearing in New York City:

"THE CHAIRMAN. There was authentic evidence produced at the Washington hearings, both testimony and documents, in the case of the former German Consul Kiep paying \$4,000 for propaganda directed against people in this country, whether citizens or not, because of their race. Have you any opinion that you desire to express as to the propriety of such actions?"

To which Mr. Moley replied:

"MR. MOLEY. I think it is thoroughly improper to do any such subsidizing of any movement in the United States of that character by anyone who is a German citizen, and particularly so when he occupies an official position."

Suppose Mr. Moley and Congressman McCormack had known at that time that not only did the German citizens occupy an official position with Germany but that Carl Byoir, the person referred to in the chairman's question, was also a lieutenant colonel in our own United States Army here in America. I can only imagine what would have happened at that time had it come to the knowledge of the people that a lieutenant colonel in our Army was being employed by the German consul in New York to disseminate propaganda in America.

In view of the above facts, which are uncontradicted, and which you had in your possession when the so-called exoneration resolution was passed, it would be interesting to know what prompted such a proceeding. Why the haste? Why were no witnesses called? Why did you not give me an opportunity to support the charges that I had made? I have never yet failed to adequately support every charge that I have ever made. Yet, in this case, you try to pass off such a serious matter, which involves the safety and adequate defense of our country, in such a careless and apparently indifferent manner.

If you were to pass a resolution based upon the information which you have in your possession on these charges, you would demand that the War Department take immediate action against this man who was accepting Fuehrer Hitler's money to help soften the American people and lull them into a feeling that a German dictatorship was preferable to our American democracy.

This is a matter involving such grave consequences at this particular time, I must insist that you give it first attention by rescinding your misleading and ill-considered resolution exonerating Lieutenant Colonel Byoir and give me an opportunity to appear before your committee in open public session for the purpose of

proving my charges. I assure you that I will be able to support by proper proof every charge that I made. You will be doing your country, in these perilous times, a great disservice if you fail to carry out this request.

Yours sincerely,

WRIGHT PATMAN.

VIERECK STILL GERMAN AGENT

A few days ago, I received the following letter from Mr. George L. Miller, Box 85, Crescent, Okla.:

I have just been handed some of the publications emanating from No. 17 Battery Place, New York, headquarters in the United States for German propaganda. One document lists eight folder leaves, 11 by 9 inches, enumerating from A to Z plus, and miscellaneous subjects, justifying everything Germany and Hitler have accomplished. You may obtain any of this media by sending your name to the above address. The Congress has not done one thing, that anyone has ever heard of, to stop this spread. Properly it does not come under the free-press guaranty of the National Constitution. Thousands of German agents are working ceaselessly in the midst of the American people, seeking adherents, that when the time is ripe this Nation will emerge nazified. That is what you and the rest of us are facing at this very precious moment.

The organization that Mr. Miller refers to is spreading propaganda throughout the length and breadth of this Nation. This organization is known as the German Library of Information, 17 Battery Place, New York. It gets out a weekly publication, known as *Facts in Review*. It is sent to people all over the country by air mail, special delivery every week. In addition, it gets out books, known as *The German White Book*. A few days ago, *German White Book No. 4* was distributed all over the Nation and to Members of Congress especially. It is nothing more nor less than Nazi propaganda. This organization is spending enormous sums of money.

It is interesting to know that George Sylvester Viereck, who helped Lt. Col. Carl Byoir lay the ground work for Nazi propaganda in this country, is directly connected with the preparation of these publications.

The following letter from Acting Secretary of State Sumner Welles, dated June 20, 1940, confirms this fact, and is self-explanatory:

MY DEAR MR. PATMAN: I acknowledge the receipt of your letter of June 17, 1940, and in reply have to inform you that George Sylvester Viereck is registered with the Secretary of State in conformity with the provisions of the act of June 8, 1938, as amended, requiring the registration of agents of foreign principals. A copy of the registration statement submitted by Mr. Viereck, together with copies of the supplements thereto, is enclosed for your information.

In addition to his contractual relationship with the German newspaper *Münchener Neueste Nachrichten*, Sendlingerstrasse 80, Munich, Germany, Mr. Viereck also performs services in connection with the preparation of the publication *Facts in Review*, which is published by the German Library of Information, 17 Battery Place, New York, N. Y. The German Library of Information is registered in conformity with the provisions of the law mentioned above in the name of its director, Mr. Heinz Beller, under the number 364 and date September 8, 1939. According to its registration statement, the "German Library of Information is a library of public information on the social, cultural, political, and economic development of Germany. It comprises several thousand books, pamphlets, periodicals, newspapers, official documents, and standard works on law, economics, history, philosophy, art, sport, etc. Its services are available upon request."

Sincerely yours,

SUMNER WELLES,
Acting Secretary.

ARE AMERICANS SOFT?

The August 20, 1940, issue of the *Washington Post* carried an interview from Mme. Lauri Alwyn, who had held an instructor's post in Germany, but who had just arrived in this country, in which it was stated:

Hitler thinks, she was informed, that the United States is great, but, alas, occupied by the wrong people. She was led to believe there that Nazi agents are posted in key jobs in public utilities, even in the small flour mills of the United States. Her sources of information said these agents could take the dynamics out of America with one turn of their hands, and easily, because "Americans are soft."

HEAD OF RUSSIA'S TOURIST INFORMATION SERVICE CONVICTED FOR BUYING NAVY SECRETS

The Honorable J. Edgar Hoover, Director of the Federal Bureau of Investigation, was the author of an article on how spies operate, in the magazine section of the daily newspaper for July 28, 1940, issue of *This Week*. In this article he discussed what I presume to be the only case in

which the Department of Justice has obtained a conviction of an agent of a foreign government under the espionage statute. In this article, Mr. Hoover stated:

SALICH-GORIN CASE

A case handled by Naval Intelligence and the F. B. I. about a year ago throws further light on the manner in which spies operate. Hafs Salich was born in Moscow, Russia, in 1905. In 1920 he emigrated to the United States. He had attended St. Joseph's College in Yokohama, Japan, and spoke Japanese fluently. After he arrived here he completed a course at a business college in Seattle, Wash. He worked for steamship companies off and on until 1926, when he became a member of the Berkeley, Calif., police department. He worked there until 1936, when he was given a leave of absence to work on a special assignment for the Navy Department. In the meantime, he became acquainted with Mikhail Nicholas Gorin, who arrived in the United States on January 10, 1936, to take over the management of the Pacific coast division of Intourist, Inc., a travel bureau designed to promote travel in Soviet Russia.

It is alleged that Gorin absent-mindedly left a document in a coat pocket that was sent to the cleaners. A patriotic citizen found it. It immediately reached the hands of our efficient Naval Intelligence. An alert officer recognized the document as having come from Navy files. The F. B. I. was notified. A joint investigation disclosed that Salich apparently had received \$1,700 from Gorin for reports that Salich was accused of having secured from Navy Department files. Salich and Gorin were sentenced to serve prison terms for violation of the espionage statute. As this is being written the case is pending appeal in the United States Supreme Court.

Espionage agents have but one code: "The end justifies the means." The means can be murder, robbery, burglary, barter of loyalty, or blackmail.

Identifying spies is one thing—proving their mission is much more difficult. Of even greater importance to the protection of our internal defense is keeping a check upon their plans. These plans, as a rule, are carried out by the underlings of spydom. The directors of espionage invariably remain behind the scene, well protected by many imposing "fronts."

I invite your attention especially to the fact that Gorin, who was the representative of a travel bureau designed to promote travel in Soviet Russia, induced an employee of our Navy Department to sell him valuable secrets, which were secured from Navy Department files. Gorin occupied a similar position with the Russian tourist agency that Lieutenant Colonel Byoir occupied with the German Tourist Information Service when he first commenced spreading Nazi propaganda in America.

ANOTHER TRAVEL AGENCY USED AS A FRONT

The *Times-Herald*, Washington, D. C., August 13, 1940, carried the following article relative to 17 Battery Place, in New York, which is headquarters for German propaganda:

F. B. I. BARES GESTAPO RING IN NEW YORK—EVIDENCE GIVEN UNITED STATES BY FORMER GERMAN CONSUL

(By John Crosson and Guy Richards)

NEW YORK, August 12.—F. B. I. agents, armed with the reluctant testimony of German-Americans, including the Reich's former consul here, will soon submit evidence to the Federal grand jury that the firm of Deutscher Handels und Wirtschaftsdienst, at 17 Battery Place here, is the New York, if not the United States, headquarters of Hitler's Gestapo, object of heretofore fruitless search since the New York German spy trials of 1938.

This is the firm, licensed as a travel and foreign exchange agency, whose offices were damaged on June 20 last by a bomb blast injuring nine persons. * * *

THREE-YEAR FEUD

They called Dr. Paul Schwarz, for 4 years German consul here, and from him gained confirmation of their suspicions that the June bombing culminated a bitter 3-year feud between Dr. Borchers, a scholarly career man in the German foreign service, and the Gestapo staff that used the travel agency as a front.

It will be noticed that this firm was a travel agency and it was used as a front. It is now generally known that Germany has for a number of years used travel and tourist agencies for a front in disseminating Nazi propaganda.

COLONEL DONOVAN'S REPORT ON "FIFTH COLUMN" IN UNITED STATES

The statement by Col. William J. Donovan, which I referred to in the earlier part of my speech and which appeared in the newspapers today, is as follows:

COLONEL DONOVAN REPORTS—STRONG "FIFTH COLUMN" IN UNITED STATES "COULD BE OUR UNDOING"—HITLER CONSPIRING FOR WORLD DOMINION—IMMENSE SUMS SPENT FOR PROPAGANDA

(By Col. William J. Donovan and Edgar Mowter)

Since we must ascribe a huge share in Adolf Hitler's incomparable military successes to his use of Germans and "fifth columnists" in victim countries, the question arises: How was such a success possible?

How are Germans abroad brought to such self-sacrificing enthusiasm for the Nazi regime? How above all can foreigners living under relatively mild and civilized governments be induced voluntarily to betray their own countries for Hitler's Germany? It seems mysterious.

The answer is \$200,000,000 spent annually on organization and propaganda abroad. The immensity of this sum is the secret. Nazi Germany is not a government—not even a "folkdom" of the sort Nazi orators talk about. Nazi Germany is a conspiracy. Its scope is universal and its aim world domination.

Its primary agents are as many of the millions of the Germans in Germany, and abroad, as can be induced or compelled to serve the German fatherland.

ARMED INSURRECTIONS

Its activities begin with attempted proselyting of Germans abroad, go on to the murder and kidnaping of real or fancied enemies, and end in armed insurrection against the foreign country Hitler wishes to conquer or absorb.

Such insurrections of Germans actually occurred in Czechoslovakia, Austria, and Holland. But for the firm attitude of the United States such an insurrection would, many students believe, have occurred in Brazil.

That the Germans abroad are usually naturalized into something else is no hindrance. Pre-war imperial Germany sanctioned the double nationality status—Germans could, that is, become French or American or Portuguese without losing their German nationality. The Weimar republic did not alter this strange conception and Nazi Germany has made it the center of its Trojan horse tactics of placing Germans within the enemy walls.

GERMAN AIMS IN AMERICA

It is safe to say that a very fair proportion of the nonrefugee Germans who have become American since Hitler came to power did so with the secret intention of turning free and democratic America into their—that is, Hitler's—America.

Children of Germans naturalized half a century ago are still counted German by Berlin and every effort is made to convince them of the fact.

Naturally the Nazis accept traitors as allies wherever they can find them and welcome the assistance of non-Nordics. But peoples racially akin to Germans—Scandinavians, Dutch, Flemings, German-speaking Swiss, even Anglo-Saxons—are made the object of special proselyting as belonging to the "same blood." These form the material with which the Nazi world conspiracy chiefly attempts to work.

The center is the Nazi Party. The tool is the Auslands organization (or "organization abroad") of this party. Today this organization of Germans abroad has nearly 4,000,000 members, all of whom are conscious agents. Over 600 local groups or "supporting points" are organized in 45 or more "landesgruppen"—one in each country.

DIRECTED BY ERNST BOHLE

The headquarters is in Stuttgart, but all the groups are directed by a single man in Berlin, Gauleiter Ernst Wilhelm Bohle, with some 800 assistants. Technically Bohle is a "state secretary" in the German foreign office. Where the local branches dare not appear under their true colors they take on fancy names—in Rumania, the Iron Guards; in Switzerland, True Confederates; in the United States, Amerikadeutscher Volksbund.

But everywhere, whether the members are Germans, naturalized Germans, or non-Germans, the aim is the same—to achieve Hitler's end by trickery or terror; the organizing principle is the same, with Sa and Hitler Youth and Hitler Sport, marching, emblems, ruthless discipline, ceremonies in honor of Nazi heroes or Hitler's birthday parties; and in case of war they would all be on Germany's side. In time of peace they make lists of Hitler's enemies, who are marked down for murder or kidnaping to Germany and torture when the great day comes.

SELLING GERMANY'S CAUSE

Organized Germans abroad are publicly told to "obey the laws of their guest country" but at the same time urged to "convince every outsider of the necessity of Germany's victory." The Nazi party Auslands organization is by no means the only entity that works for Hitler outside Germany.

Particularly important, notably in countries like the Third French Republic, is the work of the press attachés in the German embassies and consulates. Not only do they see that the 1,700 German language newspapers outside Germany (total circulation 3,000,000) are supplied with interesting material of all sorts at the price no other source can meet, but they also watch over German radio programs.

Special attention is given to winning over possible Nazi friends on the local press and combating or bringing into disrepute newspapers and periodicals that oppose Hitler.

GESTAPO EVER ON WATCH

The German Gestapo of Heinrich Himmler, whose ruthless efficiency surpasses even the Russian OGPU, employs only about 5,000 agents abroad. One of its special tasks is watching over German refugee emigrants, but it does not scorn to cast an eye even on Nazis in good standing, some of whom have been known to speak slightly of the Fuehrer or to express a passing wish for greater personal freedom.

Therefore one or more agents can be found in every German consulate or embassy abroad. A good angler can manage to locate others in the larger German commercial enterprises, such as shipping or oil companies.

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In addition to the agencies already mentioned, there exists a colonial political department headed by Gen. Franz Ritter von Epp, Hitler's special friend, which carries on a lively pro-Nazi propaganda in the former German colonies and among Germans in colonies of other countries.

Although there is some doubt, presumably it is the Gestapo that picks out special agents for particular jobs in countries that happen at a particular moment to interest the Nazis most. Rumor speaks of a high-class German technician who managed to find a relatively insignificant job in an American broadcasting company.

Broadcasting plays a great role in German spy life. Not only the agents possess tiny senders with which they transmit information unfit for the public, but they receive instructions carefully concealed in public broadcasts from the fatherland. One such typical broadcast was that called Kamaradschaftsdienst, supposedly intended for the soldiers at the front.

USE OF GERMAN SERVANT GIRLS

There is no claim that this description of the German propaganda service is complete. Conceivably there exist other even more interesting services. But this much should make it clear why Adolf Hitler has been so successful in utilizing Germans abroad and creating "fifth columns" among his enemies.

Thanks to the pains taken and the money spent, Hitler has in nearly every country been able to do considerable in breaking down the national morale and enlisting traitors. One particularly good dodge is in most places the creation of two Nazi organizations, one of which acts in a strictly legal way.

Another (until it was found out) was the use of German servant girls. Dutch employers of a particularly "dumm" German cook were surprised to hear her conversing in the kitchen with a perfect stranger in fluent Oxford English. She was dismissed, and took with her the more important family papers.

TOURISTS COLLECT INFORMATION

German exchange students, carefully schooled in espionage and propaganda, collected no end of information in Switzerland. Strength-through-joy tourists carefully mapped Poland for the Reichswehr. It must always be remembered that no German receives police permission to leave the Reich, regardless of the motives, until he or she promises to report everything seen and heard abroad.

Each must declare his address to the nearest Nazi official and keep in touch with him so far as circumstances permit.

In the United States an organization of Nazis is being trained in arms. As matters now stand it is conceivable that the United States possesses the finest Nazi-schooled "fifth column" in the world, one which, in case of war with Germany, could be our undoing.

WOULD BAN GERMAN PRESS

Could, but need not be. The Nazis are strong only where unopposed. Where they are resisted, where the initiative is taken from them, they tend to collapse. The revelations in the American press of the fortunes amassed and held abroad by leading Nazis kept Goebbels busy denying it for 2 weeks.

It is hard to see why under present circumstances, in view of "fifth column" activity observed abroad, countries that do not intend to submit to the Third Reich permit any German-language publications or why they do not adopt legislation allowing naturalizations obtained under false pretenses to be annulled by executive act, or do not insist on knowing just what domestic industries and commercial houses have tie-ups of any sort with the Nazis.

Failure to do this, failure to study and combat the entire Nazi Auslands organization may have tragic consequences. Unearthed in time, the Nazi conspiracy is relatively harmless.

I hope you will notice what Colonel Donovan says about the German aims in America and about tourist information agencies being used as a front to disseminate Nazi propaganda.

Byoir's contract was with the German Tourist Information Office.

THE GERMAN PROPAGANDA FRONT

The following article appeared in the New York World-Telegram, November 2, 1939:

GERMANY LOST NO TIME IN LAUNCHING OFFENSIVE ON PROPAGANDA FRONT

(By George Britt)

The Goebbels propaganda assault began operations long before there was anything but quiet on the western front. Former Germans, to the third and fourth generations in America, were approached and wherever possible were organized according to their social class. Vast mailing lists were collected—of persons to receive propaganda or to be called on for money or services or to bombard Congress with letters.

Every possible ally, however temporary, was enlisted. Every means was utilized—lecturers, news dispatches, publicity handouts, papers, magazines, radio broadcasts—for putting Nazi Germany's message across.

MR. VIERECK

And as if for old times' sake, there also was George Sylvester Viereck, now registered with the State Department as a German agent.

Mr. Viereck, who called himself "the Kaiser's spokesman in America" and published his Fatherland weekly during the last war, was

returned to the headlines in 1934 by the McCormack investigating committee. It was shown that he had got \$1,750 a month for publicity for Nazi Germany and an additional \$500 a month for advice concerning propaganda to the consul general.

The main drive to make the people in our country dissatisfied with their form of government and to accept a Hitler dictatorship instead was commenced soon after Hitler took office, January 30, 1933. The first real publicity for Hitler was given by Lt. Col. Carl Byoir, and one of the first publications gotten out in this country for Hitler was a pamphlet entitled "Speaking of Hitler," which was prepared in Lt. Col. Carl Byoir's office in New York.

GERMAN RAILWAYS FRONT FOR PROPAGANDA IN SOUTH AMERICA

The South American countries were visited by Mr. Russell B. Porter, a special correspondent of the New York Times, within the last 60 days. His articles appeared in the New York Times daily and they disclosed the methods used by the Germans in the South American countries to disseminate their propaganda and also disclosed the enormous sums of money that are being spent by the German Government in these countries each month for that purpose. He also refers to the fact that the German Railways Bureau was used as a front for propaganda purposes. In his article, which appeared in the New York Times Wednesday, July 17, 1940, it was stated:

TRAVEL OFFICIAL IMPLICATED

The first Nazi movement discovered, he said, was a weekly paper called the *Lunes*, which before the war published attacks against the popular-front regime. It launched a vicious anti-Jewish campaign, raising the racial issue for the first time in Chile.

Inquiry showed that it was financed by Hans Voigt, head of the German State Railways Bureau and prominent in the Santiago German colony, who has made many prominent Chileans his friends by sending them to Germany on cheap trips by using special exchange marks.

Herr Voigt, who used his railways office as a propaganda center, was shadowed and discovered ordering the printing of thousands of anti-Semitic pamphlets. He was also charged with organizing Nazi parades and demonstrations. Herr Voigt was arrested and expelled from Chile about a year ago. His case was handled so quickly that the German Embassy and his powerful friends had no time to intervene.

EX-DICTATOR HEADS GROUP

Another is the Chilean nationalist movement, whose former leaders, Gen. Carlos Ibanez, former dictator of Chile, and Gen. Ariosto Herrera, were expelled from Chile after loyal regiments discovered and exposed a plot to establish a regime on the Italian model.

Another organization that has been investigated is the Association of Friends of Germany, consisting of many prominent Chileans, including retired generals, university professors, writers, and intellectuals who were educated in or have visited Germany and admire German "kultur" or feel grateful for favors shown them in Germany.

This group meets regularly to talk about Germany. Its members make pro-German statements in press and lectures and on the radio, especially coming to Germany's defense when she is attacked.

The heading of this article was:

Nazis in Chile closely watched for evidence of subversive acts—Travel agent deported upon discovery that he financed an anti-Semitic paper—Enormous sums spent for propaganda.

This is especially interesting, in view of the fact that Lt. Col. Carl Byoir claimed to be only a travel agent representing the German Tourists' Information Service in the United States while he was employed by the German Consul in New York and other German interests after Hitler came in power.

CONCLUSION

Lieutenant Colonel Byoir's defense is that he was merely representing an agency designed to promote travel in Germany. This is the same defense that was made by the South American spies and by the Russian spy that bought the Navy secrets.

I am not familiar with fees that are usually and customarily paid by the travel agencies of a foreign country to an individual in this country to promote travel in their country, but I am told by experienced representatives in this line of work that \$6,000 a month is so excessive for such a purpose that only a stupid or wholly uninformed person would likely believe it.

Yet this man, Lt. Col. Carl Byoir, remains an officer in our United States Army, Specialists' Reserve. How long will he

remain in that capacity? I am furnishing a copy of this information to the Department of Justice and to the War Department. If appropriate action is not taken within a reasonable time, I will have another suggestion to make.

Mr. CASE of South Dakota. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. CASE of South Dakota. The gentleman is giving us some very interesting information. I wonder if the gentleman has contacted the War Department to see if they do not have authority to deal with such a situation where they find a lieutenant colonel acting as he has?

Mr. PATMAN. I hope the gentleman will pardon me if I do not answer his question just at this time. The War Department is looking into the matter and I would not like to answer the question more fully at the moment. I will say, however, that any exoneration by a congressional committee would have great weight with any department of our Government. This is the reason I so seriously object to this.

Mr. CASE of South Dakota. That may be true, of course, but it occurs to me that when a situation such as this exists it should be corrected in the most expeditious manner possible.

Mr. PATMAN. I called it to the attention of the War Department, but proper action seems to be very slow.

Mr. THORKEKELSON. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. THORKEKELSON. The gentleman has given some very interesting information. Is the gentleman prepared to substantiate the charges he has made?

Mr. PATMAN. Well, you can rest assured that I can.

Mr. THORKEKELSON. I think the proper procedure would be to prefer charges against him, for I believe he could be court-martialed under the charges the gentleman has made. I happen to be in the Reserves myself.

Mr. PATMAN. Since the gentleman is a Reserve officer and he is interested in these charges, why does not he prefer charges himself? I am now adopting the course that I believe will be the most effective under the circumstances.

Mr. THORKEKELSON. The gentleman from Texas has the evidence.

Mr. PATMAN. It is available to the gentleman from Montana.

Mr. THORKEKELSON. I think the gentleman himself ought to do it. If Carl Byoir is involved in disseminating national socialist propaganda in the United States, he should be held accountable.

Mr. PATMAN. Does not the gentleman agree that it should be taken up if he ever engaged in it?

Mr. THORKEKELSON. Yes; if he ever engaged in it.

Mr. PATMAN. Whether in 1935, 1938, or any time.

Mr. THORKEKELSON. It does not make any difference. A man who is in the service has no business to engage in any activities of that sort.

Mr. PATMAN. He certainly did and you can bet your bottom dollar that I can substantiate the charges.

Mr. THORKEKELSON. I think the gentleman ought to go through with it.

Mr. PATMAN. Do not think for a moment that I will quit.

Mr. SCHAFER of Wisconsin. Will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Wisconsin.

Mr. SCHAFER of Wisconsin. I agree with the gentleman that any member of the Regular Military or Naval Establishment or the reserve components of those establishments should not be an agent or employee of any foreign government. However, I submit if the law has been violated and if this man is a "fifth column" agent of a foreign government, a "fifth column" agent different from one defined by the Christian general under General Franco with reference to the "fifth column" of Christians who were under the domination of the ungodly, unchristian Communists during the Spanish civil war, this matter should be sent to the Department of Justice and not to Mr. DEMPSEY's committee.

Mr. PATMAN. Since the subcommittee took it up and attempted to pass on it, and they made a colossal blunder in passing on it, I think the gentleman from New Mexico [Mr. DEMPSEY] should correct it first. I think he should rescind that action first. Otherwise, it would go to the Department prejudged.

Mr. SCHAFER of Wisconsin. But if the gentleman thinks a member of one of our national-defense organizations, either the Army, Navy, or Marine Corps, is a paid agent of any foreign government, I do not believe that he should wait for the gentleman from New Mexico [Mr. DEMPSEY] or any other Member of this House to act. Action should be taken by the Department of Justice, and there is the place to take your evidence.

Mr. PATMAN. It will be furnished to the Department of Justice. Does not the gentleman think that action should be taken if at any time while he was a lieutenant colonel he represented the German Government or disseminated Nazi propaganda, regardless of the time? Does not the gentleman think he is equally guilty and should be dealt with accordingly?

Mr. SCHAFER of Wisconsin. Yes; I agree with the gentleman.

Mr. THORKEKELSON. Will the gentleman yield further?

Mr. PATMAN. Yes.

Mr. THORKEKELSON. In speaking of nazi-ism the gentleman means national socialism?

Mr. PATMAN. I am sure the gentleman is better informed on that than I am.

Mr. THORKEKELSON. That is what you meant?

Mr. PATMAN. Yes; that is what I mean.

Mr. THORKEKELSON. I want to know, because that is the same as communism.

Mr. PATMAN. I do not entirely agree with that. I admit they are working toward the same end.

Mr. THORKEKELSON. It is national socialism.

Mr. PATMAN. But they use different methods and means of getting to that end.

Mr. THORKEKELSON. The basic principle of that is socialism.

Mr. PATMAN. I do not feel qualified to answer that. The gentleman is much better qualified to answer the question than I am, although I am inclined to believe he is right.

Mr. THORKEKELSON. I do not know whether I am better qualified than the gentleman or not. I want to know.

Mr. PATMAN. I say that in all sincerity. I have not carefully studied that matter. I have been studying more about democracies and the democratic form of government.

Mr. THORKEKELSON. Nazi-ism is socialism and there is only a slight degree of difference between that and communism. It is not the form of government we want here. We do not want it here. We want the republican form of government, as we have always had.

Mr. PATMAN. You mean a democracy?

Mr. THORKEKELSON. No; I do not mean a democracy.

Mr. PATMAN. Well, I do not entirely agree with the gentleman.

Mr. THORKEKELSON. I am sorry. A democracy means socialism.

Mr. PATMAN. There are two kinds of democracies, one a pure democracy which is possible when there are only a few people in a country and they can all get together, vote, and conduct its affairs. The other kind is a representative democracy—the kind that we have—where there are too many people to get together and conduct the country's affairs, so they elect representatives to carry out their will—to meet and do for them what they would do for themselves, if present and allowed to vote or decide. Mr. Speaker, I want to thank the Members for giving me their attention. [Applause.]

PERMISSION TO ADDRESS THE HOUSE

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent that on Tuesday next I may be permitted to address the House for 20 minutes after the disposition of business on the Speaker's table and at the conclusion of any special orders heretofore made.

The SPEAKER pro tempore (Mr. TERRY). Is there objection to the request of the gentleman from New York [Mr. DICKSTEIN]?

There was no objection.

EXTENSION OF REMARKS

Mr. THORKEKELSON. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Montana [Mr. THORKEKELSON]?

There was no objection.

SPECIAL ORDERS

The SPEAKER pro tempore. Under a previous special order, the gentleman from California [Mr. HINSHAW], is recognized for 10 minutes.

Mr. HINSHAW. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the RECORD and to include an excerpt from the CONGRESSIONAL RECORD, certain letters and military orders.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California [Mr. HINSHAW]?

There was no objection.

Mr. HINSHAW. Mr. Speaker, for the purposes of the RECORD and not for the purpose of reviling, condemning, or praising any person, I have a matter here that I want to bring to the attention of the House. On May 21, the gentleman from New York [Mr. DICKSTEIN] had this to say to the House of Representatives, as appears on page 6511 of the RECORD:

Mr. DICKSTEIN. Mr. Speaker, the National Rifle Association, of Washington, D. C., is being used and abused by the members of the German-American Bund. This rifle association, which had at one time sent representatives to the bund in 1938 to solicit memberships, was recently exposed in the press when it was found out that this association had sold rifles to the members of the Christian Front, of which 14 members are now on trial. Today 2 bund posts of storm troops are known to be drilling with rifles more intensely than before. These 2 posts are located at Glendale, Long Island, and Newfoundland, N. J. Their rifles are sold to them by the National Rifle Association, of Washington, D. C.

It is high time a subpoena be issued for the National Rifle Association to determine how many thousands of Hitler's bundsters are members. It is certainly a serious situation when an organization sells Government rifles—and at reduced prices at that—to Nazi agents and alien agitators and this is sanctioned by a citizens' rifle-training division of the United States Government.

It is also a very serious situation, in my opinion, and a threat to our neutrality if we continue to tolerate demonstrations like the one at North Bergen, N. J., where more than 10,000 German-Americans gathered to celebrate the Nazi Army's exploits in France and Belgium. After witnessing the methods employed by Hitler agents in other so-called neutral countries, it is surprising that we still permit them to march around in their foreign uniforms trying to spread their vicious doctrines of race hatred and intolerance in this country. In times like these I think we ought to be more alert in protecting our country and our institutions against the onslaught of the "fifth column" which has been responsible for the downfall of a number of unsuspecting victims in Europe.

Shortly after that an order was issued by the War Department which reads as follows:

For the purpose of conserving the reserve of arms and ammunition for possible requirements of national defense, all sales of arms, spare parts, ammunition, and components of ammunition, to members of the National Rifle Association, and all issues of arms and ammunition to rifle clubs, under the authority of section 113, National Defense Act of 1916, as amended, are suspended until further orders.

By order of the Secretary of War.

(Signed) A. P. SULLIVAN,
Adjutant General.

Accompanying that order was a note signed by F. C. Endicott, Colonel of Infantry, Director of Civilian Marksmanship under the War Department, in which he says:

In compliance with a recent order of the Secretary of War, all sales of arms, spare parts, ammunition, and components of ammunition to members of the National Rifle Association, and all issues of arms and ammunition to rifle clubs are suspended until further notice.

No repairs or alterations at Government arsenals to personally owned arms will be authorized by this office.

Shortly after that I received a letter from Mr. Charles Lanfrud, secretary of the Post Office Gun Club of Pasadena, Calif., which is in my district. This letter refers to the

speech by the gentleman from New York [Mr. DICKSTEIN], and is as follows:

PASADENA, CALIF., June 21, 1940.

HONORABLE CARL HINSHAW,
House of Representatives, Washington, D. C.

DEAR SIR: On Tuesday, May 21, Representative SAMUEL DICKSTEIN, of the Twelfth District of New York, made a statement on the floor of the House which our organization believes to be untrue and ill-advised.

Representative DICKSTEIN stated that the National Rifle Association of Washington, D. C., had sold rifles to members of the Nazi bund. Inasmuch as no arms whatever are sold by the American Rifle Association, we are at a loss as to the meaning of this statement.

We are informed that as a result of Mr. DICKSTEIN's statements the President has ordered the directors of civilian marksmanship to discontinue the sale of rifles and other arms to American citizens. We believe that American citizens have a constitutional right to possess arms and that much of America's safety lies in an armed and informed citizenry.

European countries have long made a practice of forbidding their citizens possession of any arms excepting fowling pieces, and today England is pleading in desperation with the citizen which she disarmed to take up arms to fight the invader.

The papers report that rifles are being shipped to England, yet we can no longer obtain even M2 (22-caliber rifles) for training purposes in our club. Can it be that the disarm-America leaven is beginning to work?

Our gun club is composed of native-born American citizens, several of whom have fought in defense of America. We have, individually or collectively, been members of the American Rifle Association for many years and have always considered it to be a patriotic organization of the highest type, whose slogan has been "America a Nation of Riflemen," and who has always restricted its membership to United States citizens.

If the American Rifle Association is guilty of the charge brought by Representative DICKSTEIN, our organization would be glad to have the facts and will be most grateful for any information you may be able to give us on the subject. On the other hand, if the charge is untrue, and we believe it is untrue, we feel that a grave injustice has been done to a most worthy and patriotic organization.

Our club will greatly appreciate any information you may be able to give us as the truth or falsity of Mr. DICKSTEIN's charges against the National Rifle Association.

Respectfully,

CHARLES C. LANFRUD,
Secretary, Post Office Gun Club, Pasadena, Calif.

After receiving that letter I addressed a letter to the Honorable Robert E. Jackson, referring to the subject that I have just taken up. This letter is as follows:

JULY 25, 1940.

HON. ROBERT E. JACKSON,
Attorney General of the United States, Washington, D. C.

DEAR SIR: I am informed that under date of June 12, 1940, The Adjutant General ordered the suspension of sale of arms and ammunition to members of the National Rifle Association and rifle clubs, following an investigation by the Department of Justice.

On May 21, 1940, the Honorable SAMUEL DICKSTEIN, of New York, stated on the floor of the House that rifles had been sold by the National Rifle Association to members of the Christian Front, then on trial by your direction. I understand that these members of the Christian Front have since been acquitted of the charges. Representative DICKSTEIN in his address to the House stated also that small arms and munitions had come into the possession of Nazi bundsmen through the National Rifle Association.

From your investigation above referred to, you no doubt have information concerning the extent of sales of small arms and ammunition through the National Rifle Association to persons or organizations engaged in un-American activities. I will greatly appreciate it if you will summarize for me the results of your investigation, in order that I may be informed as to the extent of such traffic in arms to un-American groups.

This letter is written following my receipt of protests at the action of the War Department from members of the National Rifle Association and from a gun club in my congressional district.

Very truly yours,

CARL HINSHAW, M. C.

I had a reply from the Attorney General which reads:

OFFICE OF THE ATTORNEY GENERAL,
Washington, D. C., July 30, 1940.

HON. CARL HINSHAW,
House of Representatives, Washington, D. C.

MY DEAR MR. CONGRESSMAN: This acknowledges your letter of July 25, concerning a suspension of sale of arms and ammunition by the War Department to members of the National Rifle Association and rifle clubs.

I suggest that it would be best to direct your inquiry to the War Department which, I am sure, will furnish whatever information is available in answer to the question contained in your letter.

With kind regards,

Sincerely yours,

ROBERT H. JACKSON,
Attorney General.

Accordingly I addressed the Secretary of War enclosing a copy of my letter to the Attorney General, and I received on August 6 the following letter, signed by Robert P. Patterson, Assistant Secretary of War, I believe recently appointed. He states as follows:

WAR DEPARTMENT,
OFFICE OF THE ASSISTANT SECRETARY,
Washington, D. C., August 6, 1940.

HON. CARL HINSHAW,
House of Representatives, Washington, D. C.

DEAR MR. HINSHAW: Your letter of August 1, 1940, requesting information regarding the suspension of sales of arms and ammunition to members of the National Rifle Association, is acknowledged.

On May 25 the Secretary of War issued orders suspending all sales of arms, spare parts, ammunition, and components of ammunition to members of the National Rifle Association, and all issues of arms and ammunition to civilian rifle clubs until further notice. This was done for the purpose of conserving the reserve of arms and ammunition for requirements of national defense and also to relieve the arsenals and ordnance depots of this added burden in order that they might devote their entire energies to the equipping of the armed forces during this period of expansion.

All sales of arms and ammunition were made to civilians through the Director of Civilian Marksmanship, Washington, D. C., in accordance with section 113, National Defense Act, the only connection with the National Rifle Association being that sales could be made only to members of that organization.

Shortly after the arrest of the Christian Front members, referred to in your letter, a search of the records in the office of the Director of Civilian Marksmanship was made which disclosed that one of the rifles had been purchased through that office in 1937. The man who made the purchase was tried and acquitted. This is the only case found so far where a rifle sold to a civilian may have gotten into improper hands.

The War Department has full confidence in the loyalty and patriotism of the membership of the National Rifle Association.

Sincerely yours,

ROBERT P. PATTERSON,
The Assistant Secretary of War.

I bring this matter to the attention of the House because, while I know nothing whatever concerning the Christian Front organization and do not have personal acquaintance with any of its members, yet I understand that all 14 members who were tried after arrest by the Federal Bureau of Investigation were acquitted. Now we find that this tempest in a teapot concerns the sale in 1937 of one rifle to a man who happened to turn up ultimately as a member of the Christian Front.

I believe from my observation of this whole subject that the small sales that are made by the War Department from time to time to members of the National Rifle Association should be continued, that this order should be rescinded, and that these men should be allowed to purchase the arms and ammunition necessary to train them for possible defense of their country. Many of these men are members of the National Guard also. They are members of the police teams, of police organizations throughout the country. Some of them are just ordinary citizens who want to learn how to be better marksmen. They go into competitions throughout the United States. My own young son of 12 years has had the honor of receiving the marksmanship medal in the Junior National Rifle Association, and I am proud of the fact that he was able to learn something about the use of a rifle at that early age. It seems to me that certainly 22-gage arms and ammunition under Government pattern should be available to these people for practice. I strongly urge upon the officials of our Government that this order be rescinded and that the National Rifle Association and its component parts and members be again allowed to obtain their requirements through the War Department. [Applause.]

Mr. SCHAFER of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. HINSHAW. I yield to the gentleman from Wisconsin.

Mr. SCHAFER of Wisconsin. I have had many requests from Veterans of Foreign Wars posts, the Army and Navy Union, the Spanish-American War Veterans, and the American Legion asking for the opportunity to purchase some of these obsolete rifles from the War Department to be used by the firing squads at the burials of our deceased war veteran comrades, and they have been refused that opportunity by the War Department. Do you not believe that these veteran

organizations should be afforded an opportunity of purchasing these obsolete rifles before a national civilian rifle organization is given such opportunity, or foreign countries 3,000 miles across the sea?

Mr. HINSHAW. I have a letter here signed by C. C. Carney, adjutant of Glendale Post, No. 1937, Veterans of Foreign Wars of the United States, Glendale, Calif., of which I have the honor to be a member:

GLENDALE POST, No. 1937,
VETERANS OF FOREIGN WARS OF THE UNITED STATES,
July 17, 1940.

HON. CARL HINSHAW,
Member of Congress, Eleventh District (California),
Washington, D. C.

DEAR SIR AND COMRADE: There has been some discussion pro and con relative to an organization known as the National Rifle Association. We have some members of the post who also belong to that organization.

I have been authorized by the commander of the post to contact you and see if you can enlighten us on the question as to whether the outfit is on the up and up or not.

Sincerely, yours in comradeship.

C. C. CARNEY, Adjutant.

[Here the gavel fell.]

PERMISSION TO ADDRESS THE HOUSE

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent to address the House for 8 minutes.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

EXTENSION OF REMARKS

Mr. THORKELOSON. Mr. Speaker, I ask unanimous consent to insert in the RECORD a definition of democracy from the dictionary.

The SPEAKER pro tempore (Mr. TERRY). Is there objection to the request of the gentleman from Montana?

There was no objection.

Mr. DICKSTEIN. Mr. Speaker, it was very interesting to hear the statement just made by my colleague, in which he quoted from the RECORD of May 21, at page 6511.

I did make the charge that there were certain members of the Nazi party, who became members of the National Rifle Association, and that certain Fascists also became members of the rifle association and, as a result, were able to obtain certain matériel from the War Department. At no time did I ever criticize the rank and file of the National Rifle Association of Washington, D. C., or its subsidiaries. At no time was I responsible for or have I had anything to do with the issuance of any Executive order, as the gentleman called it, stopping the sale of rifles to the National Rifle Association and its subsidiaries. The purpose of my talk on that day was to appeal to the Dies committee to air out the charges I made that certain persons connected with the rifle association were soliciting Nazi bund members to join the rifle association, and all I asked was that the Dies committee issue a subpoena, and the RECORD definitely shows that. Apparently, the Dies committee is still hunting "reds" and has not yet been able to find the time to check on the charges I made.

Mr. HINSHAW. Mr. Speaker, will the gentleman yield?

Mr. DICKSTEIN. Certainly, I yield.

Mr. HINSHAW. Does not the gentleman think it would be better to submit that information and make that request of the F. B. I., upon whom the responsibility rests now for combatting all civilian subversive activities?

Mr. DICKSTEIN. Well, if that information came to me now I would probably do that, but this information was on my desk for 2 or 3 months. As a matter of fact, I had a couple of stool pigeons right in a Nazi bund meeting when someone from the rifle association handed out applications to join this rifle group in order that they might be able to get these guns or whatever was necessary to carry on this target practice, and at that time I simply called upon the Dies committee to make an investigation.

Mr. HINSHAW. Why has not the gentleman a long time ago turned this matter over to the F. B. I. who are properly equipped and able to investigate such matters and also to prosecute those who are caught?

Mr. DICKSTEIN. My good friend knows that the F. B. I. has no power to go into that question at all. The F. B. I. has no power of subpoena and has no power of any kind other than to make an ordinary investigation and a report to somebody.

After my statement the National Rifle Association or a couple of those so-called sergeants or colonels got busy and sent out probably 100,000 pamphlets attacking me and saying that I was responsible for the executive order, when I had nothing to do with it at all. They made some derogatory statements about me and I did not even pay any attention to them at that time or call upon the House for the privilege of the floor, but at a subsequent time you will find in the RECORD that I have given them a full explanation of the part I played in calling the attention of this country to the fact that there are a certain subversive few in the National Rifle Association that ought to be removed and eliminated from that organization.

If you will go further, it was on July 2 that I explained the whole situation, and how it came about, and that I gave the names of persons in that meeting, and how the membership was solicited. I gave them all the information necessary, and until this very day the National Rifle Association has not answered that statement, nor did the Dies committee attempt to investigate or clear the matter up.

Mr. HINSHAW. The date of my letter from the War Department stating they found but one rifle having been sold to any un-American group is August 6.

Mr. DICKSTEIN. I have not the files with me, but I can show the gentleman in their own piece of literature attacking me, saying that I had misstated certain facts, they admit that there were two or three Nazi Bund members who were members of the rifle association, and that there were one or two Christian Fronters in there who since then have terminated their membership. I have nothing personal against the National Rifle Association. I welcome them. I think it is a good organization. I think the rank and file ought to have the opportunity to engage in rifle practice.

Mr. HINSHAW. Would the gentleman be willing to encourage the Secretary of War to rescind that order?

Mr. DICKSTEIN. I do not see any objection to it. What I want them to do is to clean their house, and that is what they have not done.

Mr. SCHAFER of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. DICKSTEIN. Yes.

Mr. SCHAFER of Wisconsin. This same National Rifle Association also disseminated propaganda denouncing me as an enemy of the Constitution, and claiming that I was a stooge agent of the Communists in Moscow because I introduced a bill to register small firearms.

Mr. DICKSTEIN. They have done that to me.

Mr. SCHAFER of Wisconsin. It might be that they do not want a record of the firearms which they sell.

Mr. THORKELOSON. In the case of the Christian Front the F. B. I. had charge of that case, and they found some means whereby they could issue a subpoena at that time to bring these people in. Is not that true?

Mr. DICKSTEIN. Oh, no; those were 14 men on trial before the Federal court of the eastern district of New York, and the Federal district attorney issued the subpoena and not the Department of Justice. They have no power of subpoena.

Mr. THORKELOSON. The F. B. I. had charge of that case.

Mr. DICKSTEIN. Fourteen men were on trial. They do not include all of the Christian Front. You have more dogs and rats in that than you can shake a finger at.

Mr. THORKELOSON. But I am talking about the men arrested in New York.

Mr. DICKSTEIN. They were subpoenaed by the district attorney and not by the Department of Justice.

Mr. HEALEY. Mr. Speaker, will the gentleman yield?

Mr. DICKSTEIN. Yes.

Mr. HEALEY. Does not the gentleman think that under present conditions the utmost care should be exercised in the

sale of arms and ammunition to any private individual, and that there ought to be some regulation placed upon their sale?

Mr. DICKSTEIN. I think so, and I say further that if we are going to have a National Rifle Association, they ought to be able to vouch for each member of that organization. I think on July 2 I made a speech on this floor. They defied me to name the persons in that meeting, and I had, as I say, two stooges who were there who filed their applications. I took them off the streets—

The SPEAKER pro tempore. The time of the gentleman from New York has expired.

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes more.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. DICKSTEIN. They were solicited to join the National Rifle Association and their application was accepted and they got a membership card, and that is the type of people that are now allowed to join the National Rifle Association, who are able to purchase guns and powder and everything under the sun discarded by the War Department. That substantiates the gentleman's point that we ought to be more careful in handling these guns.

Mr. HEALEY. Aside from any individual or organization, just on the general proposition of the exercise of proper care at this time where arms and ammunition may be obtained.

Mr. DICKSTEIN. I think the gentleman is right.

Mr. HEALEY. There ought to be some regulation and the Federal Government ought to try to exercise a great deal of care.

Mr. DICKSTEIN. I agree with the gentleman.

Mr. HINSHAW. Will the gentleman yield?

Mr. DICKSTEIN. I yield.

Mr. HINSHAW. Rifles can be purchased elsewhere than from the Federal Government. You can buy deer-hunting rifles and rifles of all kinds from Sears, Roebuck, Montgomery Ward, or any other mail-order house in the United States.

Mr. PATRICK. That is true. Of course, in times like these, since we have gone into this, it has become an interesting topic, especially in these precarious times, but what should be the direction it should take? What should be the regulation?

Mr. DICKSTEIN. I think that the Congress should fix standard regulations for the use of rifles in these times, as pointed out by our colleague from Massachusetts [Mr. HEALEY]. I think firearms have been too freely handed out and distributed.

Mr. PATRICK. But what does the gentleman think should be the extent of those regulations?

Mr. DICKSTEIN. I think the Congress ought to go into that question. A fine class of citizens who have heretofore had the privilege of using guns and ammunition from the War Department ought to be allowed to continue that use. They are all good, patriotic Americans, but they should be more careful in selecting new members who want to join their organizations.

[Here the gavel fell.]

Mr. SCHAFER of Wisconsin. Mr. Speaker, I ask unanimous consent that the gentleman's time be extended 1 minute.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. SCHAFER of Wisconsin. Will the gentleman yield?

Mr. DICKSTEIN. I yield.

Mr. SCHAFER of Wisconsin. Why should the Government of the United States go into competition with legitimate private business in the sale of rifles and ammunition to private clubs?

Mr. DICKSTEIN. I think the gentleman is right, except this: There are a number of discarded rifles that the Army has no more use for in the Regular service.

Mr. SCHAFER of Wisconsin. But the Army has denied American Legion posts, Veterans of Foreign Wars posts, and Army and Navy Union posts the opportunity to purchase obsolete rifles. If the gentleman will come to my office I will show him the recent War Department letters which denied

many war veterans' organizations the opportunity to purchase obsolete and discarded rifles for use of the firing squads at the graves during the burial services of our departed war-veteran comrades.

Mr. DICKSTEIN. I am with the gentleman 100 percent. I think that regulation is wrong and I would be glad to join my colleague in going to the War Department or any other place for the purpose of seeing that they have first preference.

Mr. SCHAFER of Wisconsin. And these war veterans' organizations should have a purchase preference as against the private gun clubs.

Mr. DICKSTEIN. I agree with the gentleman.

[Here the gavel fell.]

PERMISSION TO ADDRESS THE HOUSE

Mr. PITTINGER. Mr. Speaker, I ask unanimous consent to proceed for 3 minutes.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. PITTINGER. Mr. Speaker, I want to say that my observation has been that the National Rifle Association is one of the fine, outstanding, patriotic organizations in the United States. With national-defense build-up, it is too bad that we do not have more organizations formulated along those lines, doing the work they are doing, and helping to build up the morale and helping to build up the public-defense reservoirs of this country.

Mr. HINSHAW. Mr. Speaker, will the gentleman yield?

Mr. PITTINGER. I yield.

Mr. HINSHAW. I believe it is a well-known fact that there are many men in Europe today who would like to have had a little experience with a rifle, in consideration of parachute troops dropping in their backyards.

Mr. PITTINGER. I think the gentleman's remarks are very much in order. If, during the past years, we had been giving training to the young men of this country along the lines laid down in the program of the National Rifle Association, if we had increased the supply of arms so that we would not have to use wooden guns and other dummies in training our National Guard, this country would be in a much better position strategically, in view of what we are told faces us in the immediate future. [Applause.]

[Here the gavel fell.]

LEAVE OF ABSENCE

By unanimous consent leave of absence was granted to Mr. HARE, for 3 days, on account of official business.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H. R. 10213. An act to permit American vessels to assist in the evacuation from the war zones of certain refugee children.

The Speaker announced his signature to enrolled bills of the Senate of the following titles:

S. 3354. An act for the relief of Nannie E. Teal; and

S. 3710. An act for the relief of James H. Hearon.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

H. R. 10030. An act increasing the number of naval aviators in the line of the Regular Navy and Marine Corps, and for other purposes; and

H. R. 10141. An act for the relief of the First National Steamship Co., the Second National Steamship Co., and the Third National Steamship Co.

ADJOURNMENT

Mr. MONRONEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 56 minutes p. m.) pursuant to its order heretofore entered,

the House adjourned until Monday, August 26, 1940, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

1918. Under clause 2 of rule XXIV a letter from the Secretary of War, transmitting the draft of a proposed bill to amend an act entitled "An act to punish the willful injury or destruction of war material, or of war premises or utilities used in connection with war material, and for other purposes," approved April 20, 1918, was taken from the Speaker's table and referred to the Committee on the Judiciary.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. ROGERS of Oklahoma: Committee on Indian Affairs. S. 2103. An act to exempt certain Indians and Indian tribes from the provisions of the act of June 18, 1934 (48 Stat. 984), as amended; with amendment (Rept. No. 2876). Referred to the Committee of the Whole House on the state of the Union.

Mr. COLE of New York: Committee on Naval Affairs. S. 4272. An act to amend the act approved March 4, 1925, entitled "An act providing for sundry matters affecting the naval service, and for other purposes," as amended; without amendment (Rept. No. 2877). Referred to the Committee of the Whole House on the state of the Union.

Mr. PATRICK: Committee on Interstate and Foreign Commerce. H. R. 10098. A bill to amend section 204 of the act entitled "An act to provide for the termination of Federal control of railroads and systems of transportation; to provide for the settlement of disputes between carriers and their employees; to further amend an act entitled 'An act to regulate commerce,' approved February 4, 1887, as amended, and for other purposes," approved February 28, 1920; without amendment (Rept. No. 2878). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. LANHAM:

H. R. 10397. A bill to authorize the Secretary of the Treasury to lease for periods not exceeding 10 years buildings, parts thereof, and grounds for the official use of officers and employees of the Department of the Treasury; to the Committee on Public Buildings and Grounds.

By Mr. LEA:

H. R. 10398. A bill to amend part II of the Interstate Commerce Act (the Motor Carrier Act, 1935), as amended, so as to make certain provisions thereof applicable to freight forwarders; to the Committee on Interstate and Foreign Commerce.

By Mr. MAGNUSON:

H. R. 10399. A bill establishing overtime rates for compensation for employees of the field services of the Navy Department and the Coast Guard, and for other purposes; to the Committee on Naval Affairs.

By Mr. KRAMER:

H. Res. 576. Resolution requesting the Secretary of State to furnish various information relative to the consular offices in several countries; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. REECE of Tennessee introduced a bill (H. R. 10400) granting a pension to George W. Marshall, which was referred to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

9212. By Mr. SUTPHIN: Petition of the Board of Chosen Freeholders for Middlesex County, N. J., offering the district supervisor of the National Youth Administration the required light, heat, and power necessary for the operation of any project established in that county that has for its purpose the training of young men in carpentry and machine-shop work, and authorizing the director of the board to appoint a committee made up of members of the board to confer with the members of the Middlesex County Vocational School Board about a realization of the desires of the National Youth Administration for the establishment of the above-outlined projects in the county of Middlesex; to the Committee on Appropriations.

9213. By Mr. GREGORY: Petition of C. H. Bennett, clerk of the Graves County court, Mayfield, Ky., representing the Graves County fiscal court, requesting material aid to the Allies; to the Committee on Military Affairs.

9214. By Mr. ELSTON: Petition of approximately 500 mothers, members of Mothers of Sons Forum of Cincinnati, Ohio, protesting against the sending of destroyers or any other equipment to England which might in any way weaken our own national defense; to the Committee on Military Affairs.

SENATE

FRIDAY, AUGUST 23, 1940

(Legislative day of Monday, August 5, 1940)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

Rev. Duncan Fraser, assistant rector, Church of the Epiphany, Washington, D. C., offered the following prayer:

O Lord, our Governor, whose glory is in all the world: We commend this Nation to Thy merciful care that, being guided by Thy providence, we may dwell secure in Thy peace. Grant to the President of the United States, and to all in authority, wisdom and strength to know and to do Thy will. Fill them with the love of truth and righteousness, and make them ever mindful of their calling to serve this people in Thy fear. Through Jesus Christ our Lord. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day of Thursday, August 22, 1940, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. BARKLEY. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Donahey	Lee	Schwartz
Andrews	Downey	Lodge	Schweilenbach
Ashurst	Ellender	Lucas	Sheppard
Austin	George	Lundeen	Shipstead
Bailey	Gerry	McCarran	Slattery
Bankhead	Gibson	McKellar	Stewart
Barkley	Gillette	McNary	Taft
Bone	Glass	Maloney	Thomas, Idaho
Bridges	Green	Mead	Thomas, Okla.
Brown	Guffey	Miller	Thomas, Utah
Bulow	Gurney	Minton	Tobey
Burke	Hale	Murray	Townsend
Byrd	Harrison	Neely	Truman
Byrnes	Hatch	Norris	Tydings
Capper	Hayden	Nye	Vandenberg
Caraway	Herring	O'Mahoney	Van Nuys
Chandler	Hill	Overton	Wagner
Chavez	Holt	Pepper	Walsh
Clark, Idaho	Hughes	Pittman	Wheeler
Clark, Mo.	Johnson, Calif.	Radcliffe	White
Connally	Johnson, Colo.	Reed	Wiley
Danaher	King	Reynolds	
Davis	La Follette	Russell	

Mr. MINTON. I announce that the Senator from Mississippi [Mr. BILBO], the Senator from New Jersey [Mr. SMATHERS], and the Senator from South Carolina [Mr. SMITH] are necessarily absent.